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ALEXANDER L. STEVAS,

**Supreme Court of the United States**

IN THE

**October Term, 1982**

**CARPET SEAMING TAPE LICENSING CORPORATION,**  
a Texas corporation,

*Petitioner,*

vs.

**BEST SEAM, INCORPORATED,** a California corporation,

*Respondent.*

**CARPET SEAMING TAPE LICENSING CORPORATION,**  
a Texas corporation,

*Petitioner,*

vs.

**VECTRON INDUSTRIES, INC.,** a California corporation, and  
**EUGENE J. TASSE,** an individual,

*Respondents.*

**PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS FOR  
THE NINTH CIRCUIT**

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### **Questions Presented**

1. May the patents of the inventor of a successful, patented invention be held invalid on a claim of earlier invention by another person where the earlier invention was not corroborated and was abandoned without communication to the public or the patentee.

2. Whether, when the claims of the alleged prior inventor are discarded, there was clear and convincing evidence that the patented inventions would have been obvious from the prior art considered by the Patent and Trademark Office when it allowed the patents.

**Parties to the Proceedings Below**

The parties to the proceedings below are listed in the caption to this Petition.

Petitioner Carpet Seaming Tape Licensing Corporation does not have any subsidiaries or affiliates. It is a wholly owned subsidiary of Laminated Liquidating Company, a Texas corporation, which is itself a wholly owned subsidiary of LDBrinkman Corporation (formerly named Giffen Industries, Inc.), a Florida corporation, having its principal executive offices in Kerrville, Texas.

## TABLE OF CONTENTS.

	Page
Questions Presented . . . . .	i
Parties to the Proceedings Below . . . . .	ii
Table of Contents . . . . .	iii
Table of Authorities . . . . .	iv
Petition for a Writ of Certiorari . . . . .	1
Opinions Below . . . . .	2
Jurisdiction of this Court . . . . .	2
Constitutional and Statutory Provisions Involved . . . . .	2
Statement of the Case . . . . .	3
Statement of the Facts . . . . .	3
Carpet Installation Before Burgess . . . . .	3
The Burgess Inventions and Their Differences from the Prior Art . . . . .	6
Creation and Success of the Burgess Inventions . . . . .	9
Patenting of the Burgess Inventions . . . . .	10
Mr. Walters' Claims of Prior Invention . . . . .	11
Proceedings Below . . . . .	13
Argument . . . . .	16
I. Treating an uncorroborated claim of prior invention, abandoned without communication to the public, as prior art against a later independent inventor creates a conflict in the law of prior uses and undermines the patent incentive. . . . .	16

II. When the claims of the alleged prior inventor are discarded, there is no basis for finding the patented inventions obvious .....	20
Conclusion.....	24

### INDEX TO APPENDIX.

Opinion of the Court of Appeals for the Ninth Circuit .....	A1
Order Denying Petition for Rehearing.....	A26
Order for Amended Further Findings of Fact and Revised Conclusions of Law.....	A27
Judgment .....	A63
Table of Citations to Patent Cases Involving Adjudications by Judge Real.....	A67

### TABLE OF AUTHORITIES.

<i>In re Clemens</i> , 622 F.2d 1029 (C.C.P.A. 1980) .....	19
<i>Cold Metal Products Co. v. E. W. Bliss Co.</i> , 285 F.2d 244, 247 (6th Cir. 1960).....	17
<i>Gayler v. Wilder</i> , 51 U.S. 477 (1850) .....	17
<i>Gillman v. Stern</i> , 114 F.2d 28, 31 (2nd Cir. 1940), cert. denied, 311 U.S. 718 (1941) .....	17, 18
<i>Graham v. John Deere</i> , 383 U.S. 1, 86 S.Ct. 684 (1966).....	22
<i>International Glass Co. v. United States</i> , 408 F.2d 395, 403 (U.S. Ct. Cl. 1969).....	18
<i>Lockheed Aircraft Corp. v. United States</i> , 553 F.2d 69, 75 (U.S. Ct. Cl. 1977).....	17
<i>Mason v. Hepburn</i> , 13 App. D.C. 86, 93-96 (D.C. Cir. 1898) .....	17

<i>Neff Instrument Corp. v. Cohu Electronics, Inc.</i> , 298 F.2d 82 (9th Cir. 1961) .....	20
<i>Reiner v. I. Leon Co.</i> , 285 F.2d 501 (2nd Cir. 1960) ..	22
<i>Santa Fe-Pomeroy, Inc. v. P &amp; Z Co., Inc.</i> , 569 F.2d 1084, 1091 (9th Cir. 1978) .....	20
<i>Skil Corp. v. Cutler Hammer, Inc.</i> , 412 F.2d 821 (7th Cir. 1969) .....	18
<i>Smith v. Hall</i> , 301 U.S. 216, 57 S.Ct. 711 (1937) .....	16,17
<i>United States v. Adams</i> , 86 S.Ct. 708, 714-715, 383 U.S. 39 (1966) .....	23
<i>Washburn &amp; Moen Manufacturing Co. v. Beat 'Em All Barbed-Wire Co.</i> , 143 U.S. 275, 284-85 (1892) .....	16,17
28 U.S.C. 1254(1) .....	2
28 U.S.C. 2101(c) .....	2
35 U.S.C. 102 .....	2,16
35 U.S.C. 103 .....	2,16,22

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**PETITION FOR A WRIT OF CERTIORARI**

Carpet Seaming Tape Licensing Corporation (hereinafter CSTLC) hereby petitions that a writ of certiorari be issued to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit entered in this litigation.

### Opinions Below

The opinion of the Ninth Circuit, which is reproduced in the Appendix, is reported as *Carpet Seaming Tape Licensing v. Best Seam, Inc.*, 694 F.2d 570 (9th Cir. 1982). Earlier proceedings are reported at 616 F.2d 1133 (9th Cir. 1980) and 197 U.S.P.Q. 230 (C.D. Cal. 1977).

### Jurisdiction of this Court

The judgment for which review is sought was entered by the Ninth Circuit on December 9, 1982. Petitions for rehearing were filed and the Ninth Circuit entered an Order on February 22, 1983 denying the petitions. Jurisdiction of this Court arises under 28 U.S.C. 1254(1) and 2101(c).

### Constitutional and Statutory Provisions Involved

#### United States Code, Title 35

Section 102. Conditions for Patentability: Novelty and Loss of Right to Patent.

A person shall be entitled to a patent unless—

(g) Before the applicant's invention thereof, the invention was made in this country by another who had not abandoned, suppressed, or concealed it. . . .

Section 103. Conditions for Patentability: Non-obvious Subject Matter.

A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been

obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertained. Patentability shall not be negated by the manner in which the invention was made.

### Statement of the Case

#### Statement of the Facts

##### *Carpet Installation Before Burgess*

Carpet installation is a major trade. Its practice usually involves not only the placement of carpet into position but also the joining of carpet sections along their edges by seams. The seaming can be performed in two ways, back seaming and face seaming.

In back seaming, the seams are made from the back of the carpet with the carpet sections initially lying face down. After that, the joined carpet sections must be turned over and relaid in the desired position. Turning over and relaying the carpet is an enormous manual job because of the great weight of the joined carpet sections after the seams have been made. Consequently, back seaming is rarely used in an on-site installation (A.F.<sup>1</sup> 18, 197 U.S.P.Q. at p. 233, CR 126:9). In face seaming, the sections of carpet are unrolled at the site directly into their final position with the pile facing up. The edges are then joined by the installer working from the face side of the carpet. Face seaming has the great advantage that the carpet does not need to be relaid after the seams have been made. It is, therefore, the preferred method for on-site installation (A.F. 18, 197 U.S.P.Q. at p. 233, CR 126:9).

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<sup>1</sup> Admitted facts, by both parties, during the litigation are reported in the initial trial court decision at 197 U.S.P.Q. 230. They also appear in the Pre-trial Order as admitted facts, CR 126.

Joining of the edges, under either method, was most commonly performed by hand sewing right up to the time of the Burgess inventions (CR 129:4). Unfortunately, sewing is slow, expensive and very laborious (CR 129:4-5).

A liquid adhesive technique for face seaming was developed as an alternative to sewing. In this (A.F. 16, 197 U.S.P.Q. at p. 233, CR 126:9), the carpet sections are laid down in their final position, face up with their edges together, and then the edges are turned back along their entire length. An open weave mesh tape with a paper backing is laid down along the position of the intended seam and liquid latex adhesive is applied along its full length. The edges are then returned to their abutting position along their entire length. The edges are then adjusted manually on the tape in the ten minutes or so before latex adhesive sets to a stage that no longer allows adjustment. The edges are then weighted down and the adhesive must be left to dry for several hours before the carpet can be stretched to complete the job. The wait for the adhesive to dry usually necessitates a return visit by the installer for the final step of removing the weights and stretching the carpet.

The difficulty and slowness of sewing and latex adhesive seaming turned the attention of the carpet installation trade for years to the existence of hot-melt adhesives. Such adhesives are solid at room temperature but can be melted and remelted by the application of heat. On cooling to the point of resolidification, within a few seconds after the removal of the heat, the adhesive forms a bond to a surface to which it was applied while molten. Paradoxically, the rapid bonding presented a puzzle that was to baffle those who tried to achieve hot-

melt seams for more than thirty years. How could hot-melt adhesive be used successfully to join carpet on site when its rapid resolidification left insufficient time to manipulate the edges of heavy sections of carpet?

The hot-melt trail starts in a 1933 patent to Higgins, No. 1,924,551, PX 9. The patent was for a wheeled, liquid adhesive machine, that would be pulled along the junction of two carpet sections, raising their edges by a plow. It would apply liquid adhesive to an unbacked tape that was unrolled from the machine, would feed the tape between the upraised carpet edges and would then press the edges onto the tape by rollers following the plow. The *entire* disclosure concerning the use of heat is in part of one sentence which suggests, as an alternative to liquid adhesive, that "If the tape has been previously coated with an adhesive, it may be rendered tacky . . . by providing means for heating the tape as it is delivered from the machine to render the adhesive surface tacky . . . ." No evidence exists that the suggestion for heat seaming appearing in the Higgins' patent was ever used or could ever have been operable.<sup>2</sup>

Instead, succeeding attempts to find a technique that would enable hot-melt adhesive to be used for carpet seaming turned to back seaming. In 1940, Bigelow-Sanford Carpet Co. filed a patent application which issued as patent No. 2,395,257 to Dildilian, PX 14. Dildilian pro-

<sup>2</sup> No heating means is shown in the drawings. The proposal to heat the adhesive *before* the tape was positioned under the carpet would have been unworkable for a hot-melt adhesive due to its rapid resolidification and the need to be able to adjust the carpet edges on the tape before it has bonded in the few seconds available. The machine had a further drawback, when it got to a wall, the tape and glue were still a foot away from the wall and incapable of completing the seam (App. A10-A11, fn. 5).

posed an open-weave tape that was precoated with hot-melt adhesive and backed on one side by a barrier. The tape was to be placed over the back sides of two adjacent carpet edges and a heated flat iron would be applied to the barrier side of the tape until the adhesive melted and adhered to the carpet. The barrier was to isolate the iron from direct contact with the adhesive because coating the iron with adhesive was undesirable. For the next three decades, all other proposals how to use hot-melt for carpet seaming followed the Dildilian-Bigelow-Sanford approach of a precoated hot-melt tape using an iron applied to a barrier on the back of the tape to keep the iron from being soiled by the adhesive. These proposals are shown in a 1944 patent to DuPont de Nemours, PX 13, in a 1946 patent to Bigelow-Sanford Co., PX 15, in a 1961 patent to United States Rubber Co., PX 27, and in a 1964 French patent to Dow Chemical Co., DX D and DX E. These suggestions were impractical for on-site use because of the difficulty of manipulating the carpet using a back seaming method (App. A10-A11, fn. 5). More than thirty years after Higgins' suggestion, despite all the intervening proposals, no one could find a successful way how hot-melt adhesive could be used for on-site seaming.

*The Burgess Inventions and Their  
Differences from the Prior Art*

The breakthrough was made by Mr. Burgess in 1966 when he devised and perfected his five-step face seaming process. This process is defined in Claim 1 of his patent, U. S. patent No. 3,533,876, PX 2.

In the first step of the Burgess face seaming process, a three-part tape, comprising an open weave mesh, a layer

of hot-melt adhesive, and a barrier is placed beneath the upwardly-facing, carpet edges, with the adhesive sandwiched between the carpet backs and the barrier. In the second step, the installer upwardly bends the carpet edges to separate them, by inserting a hand-held heating iron between the carpet and the tape. In the third step of the process, the installer melts the adhesive, by allowing the iron to rest in position on the tape long enough to melt it. In the fourth step, the separated carpet edges are returned to abutment on the tape, by moving the iron out of the way onto the next adjacent region of the tape. In the fifth step, the installer applies sufficient pressure to the face of the carpet edges to cause the still molten adhesive to flow and wet the backs of the carpet sections. The five-step cycle is then repeated for the next region of the tape, and again and again for each succeeding region, until the installer has worked his way incrementally along the seam to its end.

The Burgess five-step face seaming process differed fundamentally from all previous approaches. Higgins had not conceived of using a tape with a barrier on it, nor of positioning the tape beneath the carpet before the carpet edges were raised, nor of melting the adhesive after the tape had been positioned underneath the carpet edges. Bigelow-Sanford, DuPont, U.S. Rubber and Dow Chemical had taught that back seaming was the way to reconcile the very short molten time of hot melt with the longer time necessary to manipulate the carpet edges into registration for the period of bonding. Further, they had taught that it was necessary to isolate the heating iron directly from the adhesive by a barrier. Mr. Burgess took an opposite approach by placing the iron directly on the adhesive.

Mr. Burgess made two other inventions in the course of inventing his face seaming process. One was the three-part tape itself which is covered by his product patent, No. 3,400,038, PX 1. The three-element hot-melt back seaming tapes had a barrier which was the same width as the mesh and the adhesive, PX 13, 14, 15 and DX D and DX E. The Burgess tape required a barrier wider than the adhesive, in order to protect the padding beneath the carpet from becoming glued to the carpet when the molten adhesive squished to the sides as the carpet was pressed onto the tape. Although this was structurally a small difference from the back seaming tapes, there would have been no reason<sup>3</sup> to make it if Mr. Burgess had not invented the face seaming process which made such a tape useful.

Mr. Burgess' further invention was a method for making the three-part tape, which is covered by his method of manufacture patent, No. 3,568,830, PX 3. His method unites the hot-melt adhesive, the open weave tape and the barrier, by depositing the adhesive on the mesh and the barrier along a course having its margins spaced inside the margins of the barrier. The prior hot-melt tape patents involved making sheets of adhesive coated mesh backed by a barrier, followed by slitting the sheets to create tapes having a barrier which was inherently the same width as the adhesive. The prior hot-melt tape making methods would have been incapable of providing a hot-melt tape suitable for face seaming where the barrier must be wider than the adhesive (CR 129:51-54).

<sup>3</sup> In a back seaming tape, there is no reason to make the barrier wider than the adhesive because any adhesive which has squeezed out to the sides has long since solidified to a nonadhesive condition by the time the inverted carpet sections are turned over and placed on the carpet padding. To put a wider barrier on the back seaming tape would not only be a pointless added expense, it would also make it harder for the installer to visually center the tape over the junction of the edges while making the seam.

*Creation and Success of the Burgess Inventions*

In February 1966, Mr. Buzz Powell, a carpet accessories salesman, visited the Burgess carpet store. He brought with him a hand-held, electrically heated glue gun capable of being fed with sticks of Thermogrip brand hot-melt adhesive to extrude it in a molten state. Mr. Powell told Mr. Burgess and the store manager, Mr. Charles Hall, who was with Mr. Burgess, that the glue gun could be used to join carpet by back seaming. Mr. Powell then made a back seam by extruding molten hot-melt onto the backs of two scraps of carpet and pressing an open mesh tape into the adhesive, before it solidified, with the hot-tip of the glue gun (Burgess RT 7-13-77:23-24 and RT 8-6-80:15-18).

The visit sparked Mr. Burgess' interest. He conceived of using an open mesh tape that would be precoated with adhesive and reactivated later with a heating iron to make seams (Burgess RT 7-13-77:24-27). He obtained sticks of adhesive and commenced experimenting in the work room of his carpet store. For two or three months, he experimented with strips of burlap or open mesh tape which he precoated with adhesive by dragging them through a frying pan filled with melted adhesive. In May 1966, it occurred to him to use a paper barrier on his precoated tape to prevent the adhesive from sticking the carpet to the padding (Burgess RT 7-13-77:33). Throughout 1966, he devoted the major part of his time to experimenting with different glues, developing and testing his tapes, and assembling equipment that he could use to manufacture the three-part tape (Burgess RT 7-13-77:34-35).

In January 1967, Mr. Burgess made his inventions public, at the midwinter carpet trade fair in Atlanta (Burgess RT 7-13-77:39). Throughout that year, he took to the road to demonstrate his inventions and promote sales of his tape. The reaction in the trade was astonishing. His sales of hot-melt tape went from zero in January to more than one million feet a month by October, at which time his production ability reached its limit (PX 36 at p. 068, Burgess RT 7-13-77:50). There was widespread and immediate copying of the Burgess inventions by principal competitors in the trade after his public introduction of the inventions in the summer of 1967, including copying by Bigelow-Sanford, Inc., which subsequently took a license under the Burgess patents in 1969, and by Roberts Consolidated Industries, Inc., whose supplier Bruck Industries Inc. also subsequently took a license under the Burgess patents in 1970 (A.F. 39, 197 U.S.P.Q. at p. 235, CR 126:15).

The hot-melt adhesive seaming tape and method disclosed in and claimed in the Burgess patents-in-suit have enjoyed great commercial success and constitute the seaming tape and method of face seaming used in the majority of on-site carpet installations performed in this country (A.F. 40, 197 U.S.P.Q. at p. 235, CR 126:15).

#### *Patenting of the Burgess Inventions*

By March 1966, Mr. Burgess' experiments had reached a point where he first decided to secure protection for his ideas (Burgess RT 8-6-80:14). He had an initial patent application<sup>4</sup> prepared and filed on March 18, 1966. It was for an embryonic version of his face seaming method using an unbacked precoated tape. On December 6, 1966,

<sup>4</sup> That application ultimately issued as U.S. patent No. 3,415,703, DX B, on December 10, 1968. It is not one of the patents-in-suit and has never had any significant commercial value.

Mr. Burgess filed a second application to secure protection for the perfected versions of his inventions. The Examiner required that the inventions claimed in Mr. Burgess' second application, the method of face seaming using his three-part tape, the tape itself, and the method of making the tape, be divided into three separate applications (A.F. 42, 197 U.S.P.Q. at p. 235, CR 126:16).

During the prosecution of the applications in the Patent Office, Mr. Burgess brought the prior art, including the Higgins patent and Dildilian and other hot-melt back seaming patents, to the Examiner's attention (A.F. 43, 197 U.S.P.Q. at p. 235, CR 126:16-17). The Patent Office determined the Burgess inventions to be patentable over this prior art and allowed the three applications. They issued into the three patents-in-suit, PX 1, 2 and 3.

In 1968, he sold his patents and applications to Giffen Industries, a holding company of which Petitioner is a wholly-owned, lower-tier subsidiary, under an arrangement which provides him with royalties under the patents (Burgess RT 7-13-77:52-53).

#### *Mr. Walters' Claims of Prior Invention*

Mr. Walters is the part owner of a carpet store at LaGrange, Georgia. By his account, he had obtained a Thermogrip glue gun and started experimenting with it in January 1966 for joining sections of carpet. He had back seamed sections of carpet by extruding molten adhesive from the glue gun onto the carpet backs and pressing an open weave tape into the adhesive, before it re-solidified. He had also made some precoated hot-melt tapes, comprising an open mesh tape embedded in a layer of hot-melt with a paper backing on one side, with which he had experimented by back seaming them to the backs of

carpets with an iron. He also described a single on-site installation of carpet, by back seaming using a glue gun to extrude hot-melt onto the carpet backs and an open mesh tape, at a golf shop in Warm Springs, Georgia (Walters 8-6-80:57 and 9-2-80:93).

Mr. Walters described a visit by Buzz Powell to his carpet store in February 1966. He showed Powell the use of hot-melt adhesive and a glue gun for joining carpets. Mr. Powell, by deposition, testified that he paid his previously-described visit to Mr. Burgess on the day after he met with Mr. Walters. Petitioner does not deny that these back seaming activities claimed by Mr. Walters are corroborated.

Mr. Walters, however, made a further claim to have face seamed with a precoated tape by prepositioning the tape beneath upwardly facing sections of carpet and remelting the adhesive on the tape by use of the heated tip of the glue gun (Walters RT 9-2-80:65-66).

The Ninth Circuit correctly held that Mr. Walters' claim to have face seamed with a precoated tape was uncorroborated (App. A14). Mr. Powell did not remember Mr. Walters disclosing face seaming with a precoated tape to him (DX DV:21). Mr. Walters' credibility on his claim to have face seamed is impeached by his reliance on a falsified date of notarization on a document<sup>5</sup> he produced to support his tale.

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<sup>5</sup> Mr. Walters advanced in support of his claim a memorandum bearing a date of February 28, 1966, DX CQ. He testified that it was notarized on the date it bore by his business partner, Mr. Lester (Walters RT 9-2-80:80-81). Official records, however, establish that Mr. Lester was not a notary as early as February 1968, PX 168. This document, in any event, only describes back seaming.

Mr. Walters' experiments were never communicated to the public. He performed them in the basement of his carpet store, not the public areas. He never applied for a patent on his hot-melt seaming idea, never had any articles on it published, never gave any demonstrations of his hot-melt seaming work and never contacted newspapers or installation trade magazines to communicate his work to the public (Walters RT 9-2-80:91-92). After five months, he ceased his experiments and never resumed them (Walters RT 9-2-80:91).

Mr. Walters face seaming with precoated tapes was never communicated to Mr. Burgess, as the Ninth Circuit correctly held (App. A15). Mr. Burgess described Mr. Powell's disclosure to him as being only of back seaming two strips of carpet with a Thermogrip glue gun and a strip of open-weave tape with no mention of face seaming or precoated tapes (Burgess RT 8-6-80:17). Mr. Burgess is corroborated by Mr. Hall who was present, PX 169.

#### **Proceedings Below**

The cases were consolidated for trial. Both Defendants admitted infringement (A.F. 64-92, 197 U.S.P.Q. 237-239, CR 126:24-32). The issues for trial were validity and enforceability. Trial commenced in 1977 before Judge Real of the United States District Court for the Central District of California. Judge Real has a lifetime judicial record of having decided twelve patent cases referred to in reports in which he had adjudicated the validity of twenty patents and found all twenty invalid (App. A67).

At the conclusion of Petitioner's case, Defendants moved to dismiss under Rule 41 on the grounds that the Burgess patents were invalid and unenforceable because of fraud on the Patent Office and patent misuse involv-

ing the licensing of the patents. Judge Real granted the motion. Instead of making his own findings, he adopted the findings of fact and conclusions of law submitted by the Defendants in their entirety. They constitute the reported opinion which appears at 197 U.S.P.Q. 230.

The Ninth Circuit reversed the judgment, in its first Opinion, 616 F.2d 1133 (1980). The Ninth Circuit found there was no support for the fraud defense or for the defense based on misuse and remanded the case for further trial.

Trial was resumed in August 1980. In addition to repeating their fraud and misuse defenses, Defendants advanced three new defenses, laches, derivation and obviousness. Judge Real ruled for the Defendants. Again, he fully adopted, apparently with little review,<sup>6</sup> Defendants' findings of fact and conclusions of law on every defense they advanced including those on which he had already been reversed.

On the second appeal, the Ninth Circuit found that the defenses based on fraud, patent misuse, derivation and laches were without any factual or legal support and reversed the trial court. The Ninth Circuit also disagreed with the basis on which the trial court had found the Burgess patents obvious, namely the prior patents cited by the Examiner in the light of the Powell demonstration of back seaming. Pointing out the error in Judge Real's basis for obviousness, the Ninth Circuit held,

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<sup>6</sup> Judge Real adopted, for example, findings which contradict each other on important issues. In Finding 110N (App. A33), he found Walters' installation of carpet at Warm Springs had been performed by face seaming. In Finding A151c (App. A49), he found it had been performed by back seaming.

"Moreover, there is no factual support for the conclusion that the Burgess invention than other prior art that was fully disclosed to the patent examiner; on the contrary, it appears less pertinent than the use of precoated three-layer hot-melt tape for back seaming carpet, for example, that was disclosed in the Dildilian-Bigelow-Sanford patent." (App. A12-A13, fn. 6).

However, the Ninth Circuit proceeded to find its own basis to hold the Burgess patents invalid, as follows,

"The trial court did make another finding as to the prior art, however, that is directly relevant to the issue of obviousness. The trial court found that Walters had, in the course of his experiments with Thermogrip, made up precoated tapes and used them both for back seaming and face-seaming. It cannot be said that this finding is clearly erroneous, because the trial court had the opportunity to hear testimony from Walters and other witnesses and was free to conclude that Walters' version of the events was the most credible, even though Walters' testimony was only partially corroborated. Although the trial court did not expressly rely upon this finding in concluding that Burgess' invention was obvious, Walters' practice of back seaming and face seaming precoated tapes is clearly pertinent prior art sufficient to rebut the presumption that the Burgess patents were valid, and together with the other evidence noted above, supports the conclusion that the invention is obvious." (App. A12-A13, fn. 6 continued).

## ARGUMENT

I. Treating an uncorroborated claim of prior invention, abandoned without communication to the public, as prior art against a later independent inventor creates a conflict in the law of prior uses and undermines the patent incentive.

The Ninth Circuit treated the claim of Mr. Walters to have face seamed with a precoated three-element tape as prior art which provided the crucial step beyond the cited prior art necessary to provide a basis for finding the Burgess inventions obvious. The Ninth Circuit overlooked that, while Mr. Walters' face seaming experiments with precoated tapes would have been available against Mr. Burgess for the purposes of the derivation defense under 35 U.S.C. 102(f) if they had been communicated to him, they were not available against him as prior art under 35 U.S.C. 102(g) and 103 after the derivation defense failed. There is a fundamental reason for this distinction between derivation and prior art. One who merely copies an invention from the true inventor is not himself an inventor at all and the patent law has no reason to protect him. By contrast, a second inventor who made his invention independently is a true inventor. The patent laws may protect him if the first inventor's claim is uncorroborated or if the first inventor had abandoned his invention without communicating it to the public.

The Ninth Circuit explicitly held that Walters' testimony that he used precoated tapes to face seam was uncorroborated (App. A15). Yet, the courts have always held corroboration to be essential to sustain a defense of prior use by a self-proclaimed prior inventor. *Smith v. Hall*, 301 U.S. 216, 57 S.Ct. 711 (1937); "*The Barbed*

*Wire Patent Case*", 143 U.S. 275, 284-85 (1892); *Cold Metal Products Co. v. E. W. Bliss Co.*, 285 F.2d 244, 247 (6th Cir. 1960); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 75 (U.S. Ct. Cl. 1977). As this Court pointed out in *Smith v. Hall*, referring to oral testimony of a claimed prior user in Brooklyn to have practiced a method for incubating eggs patented by a later inventor Smith,

"This oral testimony, if taken at its face value, would show that the Smith method was used in the Brooklyn incubator with eggs in staged incubation. But without corroboration, it is insufficient to establish a prior use (citations)." (57 S.Ct. at p. 714).

It is insufficient for the Ninth Circuit to say that Mr. Walters' testimony was "partially corroborated" (App. A12-A13, fn. 6) while finding that it was uncorroborated on the crucial question of whether Mr. Walters had face seamed with precoated tapes (App. A15). The Ninth Circuit's abandonment of the law demanding corroboration would increase the vulnerability of patents to the claims of any self-proclaimed prior inventor who emerged from obscurity to claim credit for a successful patented invention. Inventors faced with this risk would correctly perceive the incentive provided by patents to be severely weakened.

Even if Mr. Walters' claims to have face seamed with a precoated tape had been corroborated, his experiments would still not constitute prior art against Mr. Burgess. It has been the uniform law that an earlier invention, which has been abandoned without communication to the public, should not deprive a later independent inventor of his patent, *Gayler v. Wilder*, 51 U.S. 477 (1850); *Mason v. Hepburn*, 13 App. D.C. 86, 93-96 (D.C. Cir. 1898); *Gillman v. Stern*, 114 F.2d 28, 31 (2nd Cir. 1940), cert.

denied, 311 U.S. 718 (1941); *International Glass Co. v. United States*, 408 F.2d 395, 403 (U.S. Ct. Cl. 1969); *Skil Corp. v. Cutler Hammer, Inc.*, 412 F.2d 821, 825 (7th Cir. 1969). In this case, Mr. Walters abandoned his experiments by May 1966 and made no effort to communicate them to the public. Under such circumstances, abandonment follows as a conclusion of law. As the Court of Claims held in *International Glass Co., supra*,

"The evidence is clear that Sciaronni in 1946 and Speck in 1950 conceived and reduced to practice the ice-chuck process substantially like the Boeing process here in issue. The question remains, however, whether they abandoned, suppressed or concealed their process within the meaning of section 102(g). The courts have consistently held that an invention, though completed, is deemed abandoned, suppressed, or concealed if, within a reasonable time after completion, no steps are taken to make the invention publicly known. (citation) Thus, failure to file a patent application (citation); to describe the invention in a publicly disseminated document (citation); or to use the invention publicly (citation) have been held to constitute abandonment, suppression or concealment. (citations) Neither Sciaronni, Speck, nor anyone else at McDonnell took steps, after 1946 or 1950, to make public the results of their ice-chuck process. Their work lay dormant, did not enrich the art, and thus 'remained secret, effectively concealed and suppressed until exhumed by \*\* (defendant) for the defense of this case.' (citation) Defendant therefore has failed to make out a defense under 35 U.S.C. Sec. 102(g)." (408 F.2d at pp. 403-404).

The law that an identical prior invention is unavailable as prior art against a later inventor of the same thing, where it was unknown to the later inventor and the art, applies *a fortiori* for a prior invention that was less than identical and from which it must be argued that the later

invention would have been obvious. As the Court of Customs and Patent Appeals held in *In re Clemens*, 622 F.2d 1029 (C.C.P.A. 1980):

"To the contrary, where this other invention is unknown to both the applicant and the art at the time the applicant makes his invention, treating it as 35 U.S.C. Section 103 prior art would establish a standard for patentability in which an applicant's contribution would be measured against secret prior art. Such a standard would be detrimental to the innovative spirit the patent laws are intended to kindle." (622 F.2d at pp. 1039-1040).

The Ninth Circuit's expansion of prior art to include experiments abandoned without communication to the public would weaken the confidence of inventors in the strength of the protection available from a patent. In this case, Mr. Burgess did everything that the patent laws are intended to provide an incentive for an inventor to do. He devoted himself to perfecting his inventions until they were so successful that they revolutionized the industry in which he worked. He filed promptly for a patent and disclosed his inventions to the public which has benefited enormously from his disclosure. Mr. Walters' efforts, by contrast, benefited no one and were given up after about five months without any effort to make them public. To deprive Mr. Burgess of his patents on the inventions which he brought to success because of the abandoned work of Mr. Walters would subvert the very purpose of a patent system.

II. When the claims of the alleged prior inventor are discarded, there is no basis for finding the patented inventions obvious.

The prior art most heavily relied upon by the trial court to hold the Burgess patents obvious constituted the Higgins patent and the Dildilian-Bigelow-Sanford patent, both cited by the Patent Examiner (App. A10-A11, fn. 5). The additions to the cited prior art that trial provided were the Powell disclosure of back seaming to Burgess with a glue gun and unbacked tape and the claims of Mr. Walters. As the Ninth Circuit correctly held, the Powell back seaming disclosure is no more relevant to the claimed Burgess inventions than the Dildilian-Bigelow-Sanford patent (App. A10-A11, fn. 5). Thus, when the face seaming claims of Walters are discarded, for the reasons stated in the previous section, the trial produced no prior art more relevant than the Higgins and Dildilian-Bigelow-Sanford patents considered by the Patent Office.

Accordingly, the Burgess patents are entitled to the statutory presumption of validity which is based upon the expertise of the Patent and Trademark Office acting within its sphere of competence, *Neff Instrument Corp. v. Cohu Electronics, Inc.*, 298 F.2d 82, 86 (9th Cir. 1961). It was Defendants' burden to present "clear and convincing evidence" that the Patent Office erred in finding that the Burgess inventions would not have been obvious in 1966 from the cited prior patents to one of ordinary skill in the art at that time, *Santa Fe-Pomeroy, Inc. v. P & Z Co.*, 569 F.2d 1084, 1091 (9th Cir. 1978).

The level of ordinary skill in the art was found by the trial court to be "... that of persons knowledgeable in carpet installation techniques and products at the problem-solving level" (App. A10). Mr. McPherson, Plain-

tiff's expert witness, had had more than thirty years of experience by 1966 at every level of the carpet installation trade (CR<sup>7</sup> 129:1-4). His career extended from journeyman to installer to work room superintendent to technical services manager of the largest installation products company in the world (CR 129:1-4). He had been a contributor to trade journals on installation products and was the 1968 winner of the installation industry's "Golden Hands" award. He was himself an inventor holding patents in the carpet installation field (RT 7-20-77:246-47). Mr. Stamm, a third party witness, had been the owner of a sizeable carpet installation business in Atlanta with over twenty years of experience by 1966 at the problem-solving level, PX 78, pp. 6, 10-11, 19. Mr. Lee, another third party witness, had had over a decade of experience in the carpet installation products trade at the problem-solving level by 1966, PX 79, pp. 11-12, 20-22. Each of them testified that the Burgess inventions would not have been obvious in 1966 at their level (McPherson CR 129:44-46 and 54; Stamm PX 78, p. 16; Lee PX 79, p. 35). Even Defendant's President, Sigmund Weiss, a man with years of experience in hot-melt adhesives by 1966 and some background in latex seaming tapes, confessed that it had not been obvious to him how hot-melt could be used for carpet seaming until it was explained to him (Weiss RT 7-21-77:395). There was no contrary evidence at trial on the issue of obviousness from any persons qualified in carpet installation at the problem-solving level.

Ignoring this evidence, Judge Real found the Burgess inventions obvious. He made no independent fact finding but instead simply adopted the findings submitted by admitted infringers. A judge's hindsight opinion as to

<sup>7</sup> Pursuant to Judge Real's local rule, direct testimony of expert witnesses was presented in writing filed in advance of the trial.

what would have been obvious to him, a judge, moreover, that has held twenty out of twenty patents invalid (App. A67), should not displace uncontroverted evidence of lack of obviousness at the time from those who actually had experience in the trade. As Judge Learned Hand observed in *Reiner v. I. Leon Co.*, 285 F.2d 501 (2nd Cir. 1960), referring to the obviousness test of Section 103:

"The test laid down is indeed misty enough. It directs us to surmise what was the range of ingenuity of a person 'having ordinary skill' in an 'art' with which we are totally unfamiliar; and we do not see how such a standard can be applied at all except by recourse to the earlier work in the art, and to the general history of the means available at the time. To judge on our own that this or that new assemblage of old factors was, or was not, 'obvious' is to substitute our ignorance for the acquaintance with the subject of those who were familiar with it." (285 F.2d at 503).

Judge Hand then proceeded to identify various subtests, which he referred to as "signposts," that could assist in the determination of obviousness. Judge Hand's subtests were referred to with approval as being particularly susceptible to judicial treatment in *Graham v. John Deere*, 383 U.S. 1, 35-36, 86 S.Ct. 684 (1966). Judge Hand observed,

"There are indeed some sign posts: e.g. how long did the need exist; how many tried to find the way; how long did the surrounding and accessory arts disclose the means; how immediately was the invention recognized as an answer by those who used the new variant?" (285 F.2d at p. 504).

All these signposts are present here. The need to find a way to use hot-melt for on site seaming had existed for more than thirty years, ever since Higgins had drawn at-

tention to the possibility of heat seaming. The surrounding and accessory arts had long disclosed the means, hot-melt adhesive, tapes for carpet seaming, and the technique of face seaming. Many had tried to find the way, including Bigelow-Sanford Carpet Co., E. I. DuPont de Nemours and Co., United States Rubber Co. and Dow Chemical Co. Immediate recognition of the invention as an answer by those who used it is admitted (A.F. 39 and 40, 197 U.S.P.Q. at p. 235, CR 126:15). It is an extra signpost that Mr. Burgess took an opposite approach to the teachings of the prior patents that the heating iron should be kept out of contact with the adhesive by placing the iron directly on it. *United States v. Adams*, 383 U.S. 39, 86 S.Ct. 708, 714-715 (1966).

The Ninth Circuit paid no attention to these signposts or to the direct evidence of unobviousness. Instead, although it had found every other defense entered by Judge Real was without factual or legal support, although it had criticized him in both appellate opinions for his failure to engage in fact finding himself, and although it had been advised of Judge Real's record of having invalidated every patent that has ever come before him, the Ninth Circuit gave greater weight to Judge Real's signing of the findings of obviousness submitted to him by admitted infringers.

### Conclusion

The central question "Why were the Burgess inventions obvious?" lies unanswered in this case. The Ninth Circuit reasoned that his inventions would become obvious from the cited art if that art is supplemented by the uncorroborated, abandoned and secret experiments of Mr. Walters. Yet in doing so, the Ninth Circuit provided no answer why it abandoned the basic patent law of more than one hundred years that rejects abandoned and secret work as prior art and demands corroboration.

It is an issue of vital importance to the patent law to have an early determination from this Court whether the realm of prior art against the patents of successful inventors is to be expanded to include uncorroborated, publicly unknown, and abandoned instances of prior invention.

There is, in addition, an important human consideration. The Burgess inventions have revolutionized the installation trade and made fortunes for those who have copied them. His inventions have improved the working lives of thousands of installers by freeing them of the tiring drudgery of hand sewing long seams day after day. Yet, Mr. Burgess has been deprived of the reward he could have expected under his patents from the trade which he has so enriched by his inventions. The flawed holding of obviousness that has done this will shortly be beyond correction unless this Court exercises its power of review.

Accordingly, Petitioner respectfully seeks issuance of this Court's writ.

Respectfully submitted,

LAURENCE H. PRETTY  
*Attorney for Petitioner*

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APPENDIX

Opinion of the Court of Appeals  
for the Ninth Circuit

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

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Nos. 80-6069, 80-6070, 80-6071, 80-6072.  
D.C. No. 76-2738-R.

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CARPET SEAMING TAPE LICENSING  
CORPORATION,

*Plaintiff-Appellant,  
Cross-Appellee,*

vs.

BEST SEAM, INCORPORATED,

*Defendant-Appellee.*

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CARPET SEAMING TAPE LICENSING  
CORPORATION,

*Plaintiff-Appellant,  
Cross-Appellee,*

vs.

VECTRON INDUSTRIES, INC. and  
EUGENE J. TASSE,

*Defendants-Appellees,  
Cross-Appellants.*

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Appeal from the United States District Court  
for the Central District of California  
Manuel R. Real, District Judge, Presiding  
Argued and Submitted January 14, 1982.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

Before: CHAMBERS and TANG, Circuit Judges, and  
ORRICK,\* District Judge.

ORRICK, District Judge:

This case, which involves the validity and enforceability of certain patents on products and processes used in seaming carpets, is before this court for the second time. In the first trial, the trial court held the patents-in-suit to be invalid and unenforceable on two grounds: fraud in the procurement of a patent not in suit, which rendered the patents-in-suit invalid under the doctrine of "unclean hands," and patent misuse and violations of the anti-trust laws.<sup>1</sup> On appeal, this court reversed the trial court's decision and remanded the case for further proceedings on the grounds that the record was not developed fully enough to allow this court to determine the points of law upon which the judgment rested, and that the trial court had failed to articulate and apply the

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\* Honorable William H. Orrick, United States District Judge for the Northern District of California, sitting by designation.

<sup>1</sup> *Carpet Seaming Tape Licensing Corp. v. Best Seam, Inc.*, 197 U.S.P.Q. 230 (C.D. Cal. 1977). The sole issue at the first trial was the validity and enforceability of the patents, the parties having stipulated in advance to the fact of infringement if the patents were found to be valid and enforceable. At the conclusion of appellant's case-in-chief the trial judge, pursuant to Federal Rule of Civil Procedure 41(b), granted appellees' motion to dismiss on the grounds that the patents-in-suit were invalid and unenforceable, and, therefore, that upon the facts and the law appellant had shown no right to relief.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

proper legal standards in assessing the presence of fraud, patent misuse, and antitrust violations.<sup>2</sup>

On remand, following a second trial, the trial court again held the patents-in-suit to be invalid and unenforceable on the basis of the same defenses relied upon in its prior decision, and also on the basis of four new defenses: (1) the inventions protected by the patents were "obvious" from the prior art, (2) the inventions were derived from the work of a third party, (3) the failure to disclose to the Patent Examiner the source from which the inventions were derived was fraud, and (4) the patent infringement suits against appellees were barred by laches. The trial court denied appellees' motion for attorneys' fees under 35 U.S.C. §285, finding that this was not an "exceptional case" warranting such an award.

Appellant challenges the trial court's rulings with respect to each of the defenses, and cross-appellants challenge the trial court's denial of their motion for attorneys' fees as an abuse of discretion.

For the reasons stated below, we affirm the judgment of the trial court that the patents-in-suit are invalid because they are obvious from the prior art. We reverse the rulings of the trial court with respect to the other defenses, however, finding those rulings to be wholly

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<sup>2</sup> *Carpet Seaming Tape Licensing Corp. v. Best Seam, Inc.*, 616 F.2d 1133 (9th Cir. 1980). In conjunction with this point, we noted that Rule 41(b) motions should be granted only in clear cases, and that in the interest of obtaining a full and complete record for both the trial and the appellate court, it is generally advisable to put the defendant to its proof and to decide the case after all the evidence has been adduced.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

without support in the law or the evidence. Finally, we affirm the denial of appellees' motion for attorneys' fees under 35 U.S.C. §285 as properly within the discretion of the trial court.

I

Appellant, Carpet Seaming Tape Licensing Corporation ("Carpet Seaming"), a Texas corporation which is the exclusive licensee under the three patents originally issued to Charles Burgess, brought these patent infringement actions against appellees, Best Seam Incorporated ("Best Seam"), a California corporation making and selling hot-melt adhesive carpet seaming tape, Vectron Industries, Inc. ("Vectron"), another California corporation also making and selling hot-melt adhesive carpet seaming tape, and Eugene Tasse, the President of Vectron and, with his wife, the owner of all its stock. The patents-in-suit cover the products and techniques utilized in a hot-melt face-seaming process for installing carpet, which may be briefly described as follows.

The method for seaming carpets most accepted today is a face-seaming process using a hot-melt adhesive tape. Carpet sections are positioned pile-side-up on the floor, and the edges to be joined are rolled back just far enough to allow placement of the tape beneath the seam. The adhesive which is in solid form on the tape is then melted, and the carpet edges pressed down upon it for bonding as the adhesive resolidifies. This system has largely supplanted sewing as well as back-seaming (a process in which carpet sections are turned pile-side-down, and the seaming work is performed on the back of the

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

carpet) since it allows the work to be done quickly and without the need for moving cumbersome sections of the carpet once they have been positioned as the installer desires.

The tape utilized in this process is composed of three elements. The upper-most element is a layer of hot-melt adhesive. Hot-melt adhesive is solid and nonadhesive at room temperature. When heated, it becomes molten and forms a bond that it retains when cooled and resolidified. During the manufacturing of the tape, the adhesive layer is bonded to the second element of the tape, a layer of synthetic mesh that lends the tape strength. The seaming process actually involves the bonding of two pieces of carpet to this single strip of mesh. The final element of the tape is a paper barrier that prevents the adhesive layer from bonding to whatever lies beneath it when it is heated.

In March, 1966, Burgess, after consultation with his patent attorneys, applied for and received a patent ("703"), which is the "parent" of the three patents-in-suit, and which disclosed the process described above, using a two-element tape, without a paper barrier layer. In December, 1966, Burgess filed a continuation-in-part application, disclosing the same process, but using a composite three-element tape incorporating a barrier web ("876"), the structure of the tape ("038"), and a method for producing the tape ("830"). In January, 1968, Burgess sold his business and the pending applications to Giffen Industries, Inc. ("Giffen"), which subsequently transferred them to appellant. Besides obtaining exclusive licenses for the Burgess patents, appellant also

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

obtained exclusive licenses for the so-called "Clymin" and "Winkler" patents, which disclosed certain improvements on the Burgess "038" patent.<sup>3</sup>

Much of the evidence introduced at the second trial pertained to the source of Burgess' idea of utilizing a hot-melt adhesive for face-seaming carpet, and in particular the role of one Buzz Powell and one Robert Walters in introducing Burgess to the properties of Thermo-Grip, a new thermo-plastic adhesive. In February, 1966, Buzz Powell, a carpet accessory salesman, called on Burgess, who was then the owner of a carpet store and installation business in Macon, Georgia. Powell showed Burgess a hot-melt adhesive, Thermo-Grip, and a gun for dispensing the adhesive that had recently been developed by The United Shoe Machinery Company. Powell also informed Burgess that Robert Walters, manager of a carpet store in La Grange,

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<sup>3</sup> The Clymin patent, issued to Conso Engineering Company ("Conso"), a subsidiary of Consolidated Foods Corporation, in 1969, disclosed a three-element tape containing a layer of spaghetti-like tracks of hot-melt adhesive which run together upon melting to form a sheet, thus providing the installer with a quick visual index for gauging adequate heating of the adhesive. The Winkler patent, issued to Bruck Industries, Inc. ("Bruck") in 1973, disclosed a three-element tape in which embossed ribs of solidified adhesive, joined at their base regions by a thin layer of adhesive, extend continuously on the tape.

In 1976, following several years of litigation between Giffen, Conso, and Bruck, a settlement agreement was reached pursuant to which Giffen formed Carpet Seaming Tape Licensing Corporation, the appellant corporation herein, and received exclusive licenses under the Burgess, Clymin, and Winkler patents. The history of the litigation and the terms of the settlement agreement are more fully set forth in this court's earlier opinion. *Carpet Seaming*, *supra* note 2, 616 F.2d at 1136-37 nn.1-2.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

Georgia, had explained and demonstrated to Powell various possible applications of Thermo-Grip for use in seaming carpet. The question of precisely what it was that Walters demonstrated to Powell and what Powell subsequently communicated to Burgess is disputed; it is clear, however, that at the least, Powell showed Burgess how to back-seam carpet using Thermo-Grip and a glue gun, by extruding molten adhesive from the gun along the back side of the carpet and then pressing a burlap strip onto the adhesive.

At the conclusion of the second trial, the court again entered judgment for appellees, holding the patents-in-suit invalid and unenforceable on the basis of the same fraud and misuse defenses as before, and also on the grounds that (1) the inventions were "obvious" over the prior art, (2) the inventions were derived from the work of a third party, (3) the failure to disclose to the Patent Officer the source from which the inventions were derived was fraud, and (4) the suits against appellees were barred by laches.

In support of its decision, the trial court set forth consolidated findings of fact and conclusions of law consisting of the same findings and conclusions relied upon in its prior decision, and of amended further findings of fact and conclusions of law taken virtually *in toto* from the proposed findings of fact and conclusions of law submitted by the appellees.<sup>4</sup>

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<sup>4</sup> In our earlier opinion, we stressed the importance of accurate and independent fact finding by the trial judge, and admonished the court below not to rely mechanically upon findings of fact submitted by the parties. *Id.* at 1137-38 n.3.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

## II

We affirm the ruling of the trial court that each of the patents-in-suit are invalid for obviousness under 35 U.S.C. §103, and the standards enunciated in *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

It is clear that a patent cannot issue if the invention would have been obvious to a person of ordinary skill in the relevant art at the time the invention was made. 35 U.S.C. §103. The Supreme Court in *Graham* set forth a three-part factual inquiry to guide the courts in determining whether an invention is obvious. Under the *Graham* analysis, the trier of fact must determine (1) the scope and content of the prior art, (2) the differences between the prior art and the claims at issue, and (3) the level of ordinary skill in the pertinent art. *Id.* at 17. The court also indicated that "secondary considerations," such as commercial success, long-felt need, and the failure of others to develop a solution, may be relevant. Although the obviousness of an invention is ultimately a question of law, subject to our independent review, the factual findings made by the trial court pursuant to the *John Deere* analysis must be upheld by the appellate court unless they are clearly erroneous. *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir. 1982). Finally, it should be noted that although a patent is ordinarily presumed valid, and this presumption can be rebutted only by clear and convincing evidence, where the obviousness of a patent is in issue and the applicant fails to disclose pertinent prior art, the presumption disappears, unless the undisclosed prior art is merely cumulative of the cited art. See *Carson Mfg. Co. v. Carsonite Int'l Corp.*, 686 F.2d 665, 667 (9th Cir. 1981), *supra*, slip. op. at 3.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

The trial court first found that Powell's demonstration of back-seaming using Thermo-Grip and a glue gun constituted pertinent prior art, and that Burgess' failure to disclose the Powell demonstration to the Patent Examiner made it impossible for the Examiner to assess the obviousness of Burgess' inventions and rebutted the presumptions that the patents were valid. The trial court then went on to perform the factual analysis required by *John Deere*, and concluded that Burgess' inventions simply combined various elements known in the prior art, in a manner which would have been obvious to a person of ordinary skill in the art who was acquainted with the superior qualities of Thermo-Grip.

With regard to appellant's contention that the trial court erred in not adequately distinguishing between the different claims asserted in the three patents-in-suit, it appears from examination of the findings and the record that, although the court did not make three separate and distinct analyses of the prior art applicable to each patent, its analyses and its findings adequately addressed each of the claims made by the patents, particularly in view of the fact that the three patents were issued under later-filed divisional applications of the "parent" patent and the elements of the three claims were closely intertwined. Moreover, this circuit has indicated that although strict adherence to the *Graham* analysis is necessary, it is not essential that the court make detailed and explicit findings as to every pertinent fact so long as examination of the findings made and of the record as a whole shows that the judge has grappled with the critical issues underlying the determination of obviousness.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

*Mollura v. Miller*, 609 F.2d 381, 383 (9th Cir. 1979), *cert. denied*, 446 U.S. 918 (1980); *National Lead Co. v. Western Lead Products Co.*, 291 F.2d 447, 451 (9th Cir. 1961).

The trial court found that the level of ordinary skill in the art was that of persons knowledgeable in carpet installation techniques and products at the problem-solving level. As to the process patent, the court found that the use of a three-layer hot-melt tape for back-seaming, and the use of liquid latex poured onto a tape for face-seaming, were old in the art, and that the use of a hot-melt tape for face-seaming, though never practiced, had been suggested in the prior art. As to the tape patent, the court found that all of the elements claimed in the tape patent were found in the prior art, though not in the exact combination proposed by Burgess: the art disclosed composite, three-layer hot-melt tapes, and the art disclosed two-layer tapes, that were not precoated with adhesive, but that did possess the feature of a barrier layer wider than the scrim, as claimed in the Burgess patent. From this analysis the court concluded that all Burgess had done was to combine old elements of the art for a purpose that would have been "obvious" to anyone familiar with the properties of the new Thermo-Grip adhesive.<sup>5</sup> The court considered the conflicting testimony

<sup>5</sup> In making these findings, the trial court relied heavily on two earlier patents, the so-called Higgins and Dildilian-Bigelow-Sanford patents. The Higgins patent disclosed a method of face-seaming with a liquid adhesive whereby a wheeled machine supporting a roll of unbacked binding tape would apply liquid adhesive to the tape as it was delivered from the machine, feed the tape between the upraised carpet edges, and press the carpet edges onto the tape. The Higgins

(Footnote continued on following page)

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

of persons knowledgeable in the art as to whether Burgess' combination was "obvious," and was apparently not convinced by assertions that the invention was not obvious simply because no one had thought of combining these elements previously. The trial court also rejected Burgess' contention that the use of a specially-shaped iron (which was never offered for patenting) and the fact that Burgess was not afraid to soil the iron by placing it in direct contact with the adhesive constituted patentable invention.

Recent decisions in this circuit evaluating combination patents—patents that combine various elements each of which are already disclosed in the prior art—indicate that such patents are subject to particularly close scrutiny for obviousness, because a patentable invention is less likely to be found in a combination of known elements. *See, e.g., Sarkisian, supra.* Moreover, the fact that such a patent achieves great commercial success has not been regarded as convincing evidence of patentability. *See, e.g., Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976) (com-*

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patent also suggested that instead of liquid adhesive, the tape could be precoated with an adhesive and heated to activate the tape and make it tacky as it leaves the machine. This method was not widely used, partly because the machine could get no closer than a foot away from the wall and thus could not complete the seam.

The Dildilian-Bigelow-Sanford patent disclosed the use of an open-weave tape precoated with hot-melt adhesive and backed on one side by a barrier, to back-seam by applying a heated flatiron to the barrier side of the tape in order to melt the adhesive. This "hot-melt" method was never used for face-seaming, and was impractical for on-site use because of the difficulty in manipulating the carpet using a back-seaming method.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

mercial success due to benefits in terms of convenience and cost are not sufficient grounds for finding a combination patent valid); *Tveter v. A. B. Turn O Matic*, 663 F.2d 831 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981) (to be patentable an innovation must embody invention, and invention excludes adjustments, alterations, and improvements that could be expected to result from the exercise of the skill and ingenuity of a mechanic charged with knowledge of all that is disclosed in prior art).

Examination of the record below indicates that the trial court properly performed the factual analysis required by *Graham*, and that the trial court's conclusion that the patents-in-suit are obvious over the prior art is fully supported by the law and the evidence.<sup>6</sup> According-

<sup>6</sup> The only difficulty with the trial court's analysis is its reliance upon Powell's demonstration of back-seaming with Thermo-Grip and a glue gun as pertinent prior art which Burgess failed to disclose to the Patent Examiner, and which rebuts the presumption of the patents' validity. The trial court's conclusion that Thermo-Grip was the "missing link" which, once discovered, would make the Burgess patent obvious, is without any support in the record. Neither the trial court's findings of fact nor the record as a whole contain any indication as to how Thermo-Grip represented an advance over previously used hot-melt adhesives. Moreover, there is no factual support for the conclusion that the use of a hot-melt glue gun to back-seam carpet is any more pertinent to the Burgess invention than other prior art that was fully disclosed to the Patent Examiner; on the contrary, it appears less pertinent than the use of precoated three-layer hot-melt tape for back-seaming carpet, for example, that was disclosed in the Dildilian-Bigelow-Sanford patent. *See note 4 supra*.

The trial court did make another finding as to the prior art, however, that is directly relevant to the issue of obviousness. The trial court found that Walters had, in the course of his experiments with Thermo-Grip, made up precoated tapes and used them both for

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*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

ly, we affirm the judgment below that the patents-in-suit are invalid for obviousness.

## III

Having concluded that the trial court properly held the patents-in-suit invalid for obviousness, we turn now to a consideration of the other affirmative defenses relied upon by the trial court as additional grounds for its decision. For the reasons stated below, we reverse the trial court's rulings with respect to each of the following affirmative defenses on the grounds that they are unsupported by the law or the evidence in this case.

## A

The trial court held the patents-in-suit invalid under 35 U.S.C. §102(a), (f), and (g), on the grounds that the Burgess inventions were derived from the work of Walters, as communicated to Burgess by Powell.

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(Footnote continued from preceding page)

back-seaming and face-seaming. It cannot be said that this finding is clearly erroneous, because the trial judge had the opportunity to hear testimony from Walters and other witnesses and was free to conclude that Walters' version of the events was the most credible, even though Walters' testimony was only partially corroborated. Although the trial court did not expressly rely upon this finding in concluding that Burgess' invention was obvious, Walters' practice of back-seaming and face-seaming with precoated tapes is clearly pertinent prior art sufficient to rebut the presumption that the Burgess patents were valid, and together with the other evidence noted above, supports the conclusion that the invention is obvious.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

Sections 102(a), (f), and (g) provide, respectively, that a patent is not available if the invention was known or used by others before the invention thereof by the patent applicant; the applicant did not himself invent the subject matter sought to be patented; or the invention was made by another who had not abandoned, suppressed, or concealed it. Proof of derivation must be demonstrated by particularly clear and convincing evidence, *Tucker Aluminium Products v. Grossman*, 312 F.2d 293 (9th Cir. 1961), that the entire conception was communicated. *Hedgewick v. Akers*, 497 F.2d 905 (C.C.P.A. 1974).

The trial court found that there was clear and convincing evidence that Powell communicated to Burgess the idea of face-seaming carpet with a precoated hot-melt tape, and went on to find that the essential concept underlying the Burgess inventions was derived from Burgess' knowledge of Walters' work. An examination of the record below, however, indicates that these factual findings, which are critical to a finding of derivation, are not supported by the evidence. Conflicting evidence was presented at the trial on the question of precisely what information Powell transmitted to Burgess with respect to the work done by Walters. Although Burgess conceded at trial that Powell demonstrated back-seaming with a glue gun, it was sharply disputed whether Powell also disclosed any or all of the following ideas to Burgess: face-seaming with a glue gun, back-seaming with a precoated tape, or face-seaming with a precoated tape. Nothing short of a disclosure of the concept of face-seaming with a precoated tape would suffice to support a finding of derivation, because, as noted above, this is the

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

only idea which was not previously disclosed in the prior art known to the Patent Examiner. The only pertinent testimony on this issue was Walters' uncorroborated testimony that he used precoated tapes to face-seam; Powell's testimony that he did not recall whether he saw Walters face-seam with a precoated tape, much less that he communicated that idea to Burgess; and the testimony of Burgess and his employee Hall, who was present during the Powell visit, that all Powell disclosed was the use of a glue gun for back-seaming.

Thus, even assuming that Walters did in fact practice face-seaming with a precoated tape, there was no testimony whatsoever indicating that Powell disclosed this information to Burgess. Accordingly, the trial court's finding that there was clear and convincing evidence that the central concept underlying the Burgess inventions was derived from Walters' work, as disclosed to Burgess by Powell cannot stand, and the trial court's holding that the patents-in-suit are invalid for derivation is reversed.

B

The trial court held the patents-in-suit invalid for fraud on the basis of Burgess' failure to disclose to the Patent Examiner certain information with regard to (1) the necessity for a paper barrier web in order to practice the hot-melt face-seaming process, and (2) the information derived from the Powell demonstration. With respect to the issue of the barrier web, the trial court set forth three alternative conclusions in support of its finding of fraud: (1) Burgess' failure to disclose the necessity for a

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

barrier web in connection with the application for the 703 patent, the parent to the patents-in-suit, was gross negligence or bad faith; (2) assuming Burgess believed that the need for a barrier was common knowledge in the art, and did not need to be disclosed, he showed gross negligence or bad faith in not so informing the Examiner, so that the Examiner could properly evaluate the 876 patent, which did employ a barrier web; and (3) Burgess was guilty of gross negligence or bad faith in not informing the Examiner that the 703 patent was only operable on concrete, and thus that the patent had only limited utility.

In its earlier opinion, this court reversed a similar ruling by the trial court on the grounds that it had not used the proper standards in assessing fraud, noting that fraud requires an element of subjective culpability in the form of bad faith or at least gross negligence, and that proof of the element must be clear and convincing. *Carpet Seaming Tape Licensing Corp. v. Best Seam Inc.*, 616 F.2d 1133, 1138-40 (9th Cir. 1980). This court further noted that in order for inadequate disclosures pertaining to the 703 patent to justify a finding that the patents-in-suit were invalid under the doctrine of "unclean hands," the cases emphasize the need for fraudulent or deceptive intention. *Id.* at 1140-41.

The record does not contain evidence of gross negligence or bad faith sufficient to meet the clear and convincing standard. On the contrary, the evidence suggests that Burgess' disclosures were made in good faith and were in fact adequate. There is ample support in the record for a finding that Burgess' failure to disclose the

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

need for a paper backing in connection with his application for the 703 patent was justifiable because the need for some sort of paper barrier to keep the adhesive from adhering to the floor was common knowledge in the art. Burgess' failure to disclose this fact when he applied for the subsequent patents cannot support a finding of fraud because the Patent Examiner was fully aware that the barriers had been used in the prior art, because several of the patents that he cited in searching the application disclosed such barriers. Finally, the failure to disclose the fact that the 703 patent was only operable on concrete floors unless some sort of paper barrier, such as newspaper, was used is essentially a restatement of the court's first theory, which we rejected above. Moreover, the fact that an invention has only limited utility and is only operable in certain applications has not been regarded as grounds for finding a patent invalid for lack of utility. *Freedman v. Overseas Scientific Corp.*, 248 F.2d 274 (2d Cir. 1957).

The trial court also found fraud arising from Burgess' failure to disclose the Powell demonstration to the Patent Examiner on the grounds that Burgess thereby deprived the Examiner of information which would have led to the discovery that Burgess' inventions were obvious and were derived from the work of a third party.

The trial court's findings with respect to this issue cannot stand, for two reasons. First, the discussion above of the trial court's findings with respect to derivation establishes that the Powell demonstration was not pertinent prior art because the information imparted to Burgess was considerably less pertinent to the Burgess

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

inventions than other prior art that was fully known to the Patent Examiner. Second, the record is devoid of evidence that Burgess and his attorneys, to whom Burgess did disclose the Powell demonstration did not make a reasonable and good faith conclusion that the demonstration lacked the materiality to require disclosure. Although the trial judge is clearly empowered to weigh the evidence and to decide issues of credibility, including that of Burgess' state of mind in failing to disclose the Powell demonstration, the trial court's discretion is constrained by the requirement that fraud be demonstrated by clear and convincing evidence. We find that the evidence relied on by the trial court is, as a matter of law, insufficient to meet the clear and convincing requirement, and accordingly, reverse the trial court's ruling that the patents-in-suit were invalid for fraud.

## C

The trial court found the patents-in-suit to be invalid and unenforceable for patent misuse and violations of the antitrust laws, arising from certain activities engaged in by appellant with regard to the accumulation and pooling of patents, the imposition of a uniform royalty rate for licensing patents to competitors, and attempts to enforce the patents against competitors by institution or infringement actions. The trial court held that appellant had attempted to monopolize the carpet seaming tape industry in violation of §2 of the Sherman Act, finding that appellant, through its predecessor Giffen Industries, had manifested a specific intent to monopolize the carpet seaming tape industry, had engaged in anti-competitive

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

conduct towards that end, and had possessed a dangerous probability of success. The court further found that the activities engaged in by appellant would constitute patent misuse even without a showing of specific intent and anticompetitive impact.

In our earlier opinion reversing the rulings of the trial court with respect to patent misuse and antitrust violations, this court indicated that the trial court had failed to make the findings of specific intent and probability of success necessary for a violation of §2 of the Sherman Act, and had incorrectly applied the law pertaining to the accumulation and enforcement of patents against competitors. *Carpet Seaming, supra*, 616 F.2d at 1141-43.

Following the second trial, the trial court made express findings of intent to monopolize and probability of success; in all other respects, however, the trial court's analysis of the misuse and antitrust issues mirrors the analysis contained in its first opinion.

The trial court based its findings of anticompetitive intent upon what it apparently considered to be the inherently anticompetitive nature of certain activities engaged in by appellant. Specifically, the trial court found that the agreement between appellant's predecessor, Giffen, and Bruck Industries, Inc. ("Bruck"), whereby those companies pooled the Burgess patents and the Winkler and Clymin patents (which disclosed modifications of the hot-melt tape developed by Burgess was illegal. The court found that the terms of the agreement, and particularly the imposition of a uniform royalty rate for licensees under the pooled patents and attempts to enforce the patents against com-

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

petitors by the bringing of infringement actions, gave Bruck and Giffen an unfair competitive advantage. The court did find that the Burgess patent "blocked" the Winkler patent, but went on to suggest that a non-exclusive license to Giffen under the Winkler patent would have been a more satisfactory method for resolving the dispute between Giffen and Bruck than the agreement described above.

This court noted in its earlier opinion that, absent additional evidence of anticompetitive purpose or impact, an agreement to pool patents and to exploit those patents in the manner described above is legally permissible. *Id.* at 1142. We also noted that a finding that the Burgess patents blocked either the Clymin or the Winkler patents would provide additional support for the inference that the pooling agreement was for a legitimate, rather than an anticompetitive purpose. *Id.* Finally, this court indicated that attempts to enforce rights under a patent against competitors are perfectly proper, and that infringement actions are presumed to be lawful and in good faith, a presumption which can only be rebutted by clear and convincing evidence. *Id.* at 1143.

Thus, the mere fact that appellant engaged in these activities cannot, without more, support a finding that appellant possessed the specific intent required for a violation of §2 of the Sherman Act, particularly in view of the trial court's express finding that the Burgess and Winkler patents occupied a "blocking" relationship. Similarly, absent evidence that the agreement between Bruck and Giffen, which was patterned on a settlement

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

agreement approved by this circuit in *Cutter Laboratories v. Lyophile Cryochem, Inc.*, 179 F.2d 80 (9th Cir. 1949), was itself improper, the trial court's speculation as to other preferable alternatives cannot support a finding of illegality.

The trial court's finding that appellant possessed a "dangerous probability of success" is likewise unsupported by the evidence. While the court did find that four companies had either gone out of business, gone into bankruptcy, or ceased making carpet tape in the past few years, neither the findings of fact nor the record as a whole demonstrate any causal connection between this result and appellant's activities, and the record is devoid of evidence with respect to the market shares of the parties and their competitors.

In short, no additional evidence was presented at the second trial that would support a finding of patent misuse or antitrust violations in accordance with the standards set forth in our earlier opinion, and the trial court's findings of specific intent to monopolize the carpet seaming industry and of dangerous probability of success are not supported by the record. Accordingly, the holdings of the trial court with respect to the patent misuse and antitrust defenses are reversed.

D

The trial court held that, even if the patents-in-suit were found to be valid, appellant's patent infringement claim was barred by the doctrine of laches. The court based this holding on a finding that appellant had waited more than six years from the time it first learned of the

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

alleged infringement before filing suit, thus triggering a presumption of laches, and that appellant had failed to rebut the presumption by proving an excuse for the delay.

A delay of six or more years between the time at which the plaintiff learns of the alleged infringement and the time at which suit is brought triggers a presumption that the delay is unreasonable and unexcused; at this point, the burden shifts to the patentee to prove that the delay was excusable, and the patentee may not rely on other litigation as an excuse for the delay in the absence of notice to the alleged infringers that the patentee was delaying enforcement of the patent until conclusion of the pending litigation. *Jensen v. Western Irrigation & Manufacturing, Inc.*, 207 U.S.P.Q. 817 (9th Cir. 1980). Conversely, where suit is brought within six years of learning of the alleged infringement, the burden is upon the defendant to show that the delay was unexcused and that the defendant suffered injury as a result of the delay.

The trial court's ruling of laches rested on a finding that it was "probable" that appellant had learned of the infringement more than six years before instituting infringement actions. The record is devoid of any evidence that would support such a finding; indeed, the only direct evidence presented on this issue at trial indicates that appellant learned of the infringement less than six years before the suits were filed. The trial court found that the activities alleged to have infringed the patents-in-suit had commenced by 1969. The suits against the appellees were filed in 1976. The only evidence as to the

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

time at which appellant's predecessor, Giffen, actually learned of the infringement was the testimony of one of Giffen's employees suggesting that the infringement was discovered in June, 1971, just prior to the time that Giffen sent out letters giving notice of infringement.

Under these circumstances, where the only evidence actually presented at trial establishes that appellant learned of the infringement in 1971, less than six years before the patent infringement suits were brought, the trial court's finding that it was "probable" that appellant learned of the infringement more than six years earlier cannot be upheld, even under a "clearly erroneous" standard. Because the trial court's holding of laches rested entirely upon the presumption triggered by a delay of over six years, rather than upon proof by appellees that the delay was unexcused or that appellees suffered actual injury as a result of the delay, the holding that appellant's claims are barred by laches is reversed.

#### IV

Best Seam and Vectron, as cross-appellants, challenge the denial of their motion for attorneys' fees under 35 U.S.C. §285, which authorizes the court to award reasonable attorneys' fees to the prevailing party in an "exceptional case." The trial judge found that the instant case was not an "exceptional case" justifying an award of attorneys' fees under §285, but did not set forth its reasoning on this issue.

In the recent case of *Mayview Corp. v. Rodstein*, 620 F.2d 1347, 1357 (9th Cir. 1980), this court restated the two basic principles which may be gleaned from this cir-

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

cuit's numerous decisions under 35 U.S.C. §285 as follows: (1) a district court's determination as to whether a case is to be deemed "exceptional" is discretionary, and is not to be overturned unless it results from an abuse of discretion or an erroneous conception of the law; and (2) the district court's discretion in awarding attorneys' fees in patent cases may be invoked only upon a finding of bad faith or inequitable conduct on the part of the losing party that would make it grossly unjust for the prevailing party to be left with the burden of his litigation expenses.

The court's decision to reverse the trial court's rulings with respect to the affirmative defenses of fraud and antitrust violations, which are the only bases upon which bad faith or inequitable conduct could be found, is sufficient to dispose of cross-appellants' claim under the second principle stated in *Mayview*. Moreover, even if a finding of bad faith or inequitable conduct could be supported by the record, the decision to award attorneys' fees under §285 is committed to the discretion of the trial court. Cross-appellants are unable to cite any cases where this court has decided to award fees under §285 where the district court has denied such fees in the first instance, and this case does not present any special and compelling circumstances that would suggest that this court should depart from its long-standing policy. Accordingly, the denial of cross-appellants' motion for attorneys' fees under §285 is affirmed.

*Appendix—Opinion of the Court of Appeals for  
the Ninth Circuit.*

*Conclusion*

For the reasons stated above, we affirm the judgment of the trial court on the grounds that the patents-in-suit are invalid for obviousness; we reverse, however, the rulings of the trial court with respect to each of the other affirmative defenses relied upon as additional grounds for holding the patents to be invalid and unenforceable, namely, derivation, fraud, patent misuse and antitrust violations, and laches, finding each of these rulings without support in the law or the evidence. We affirm the trial court's denial of attorneys' fees under 35 U.S.C. §285.

The judgment of the trial court is AFFIRMED in part, and REVERSED in part.

A26

**Order Denying Petition for Rehearing.**

**FILED**

**Feb 22 1983**

**Phillip B. Winberry  
Clerk, U.S. Court of Appeals**

**UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT**

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**Nos. 80-6069, 80-6070, 80-6071, 80-6072.  
D.C. No. 76-2738-R.**

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**CARPET SEAMING TAPE LICENSING  
CORPORATION,**  
*Plaintiff-Appellant,*  
**vs.**

**BEST SEAM INCORPORATED,**  
*Defendant-Appellee.*

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**CARPET SEAMING TAPE LICENSING  
CORPORATION,**  
*Plaintiff-Appellant,  
Cross-Appellee,*  
**vs.**

**VECTRON INDUSTRIES, INC. and  
EUGENE J. TASSE,**  
*Defendants-Appellees,  
Cross-Appellants.*

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**Before: CHAMBERS and TANG, Circuit Judges, and  
ORRICK,\* District Judge.**

**The petitions for rehearing are denied.**

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**\* Honorable William H. Orrick, United States District Judge for The  
Northern District of California, sitting by designation.**

*Appendix—Order Denying Petition for Rehearing.*

**Order for Amended Further Findings of Fact  
and Revised Conclusions of Law.**

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FILED  
Dec \_\_\_\_ 1980  
Clerk, U.S. District Court  
Central District of  
California  
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Central District of California  
By \_\_\_\_\_ Deputy

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

In the  
UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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CV. NOS. 76-2738-R, 76-31.

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CARPET SEAMING TAPE LICENSING  
CORPORATION, A Texas Corporation,  
*Plaintiff,*

vs.

BEST SEAM, INCORPORATED,  
A California Corporation,  
*Defendant.*

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CARPET SEAMING TAPE LICENSING  
CORPORATION, A Texas Corporation,  
*Plaintiff,*

vs.

VECTRON INDUSTRIES, INC., A California  
Corporation, and EUGENE J. TASSE,  
An Individual,  
*Defendants.*

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The Court having submitted the matter after further trial and having fully considered the evidence and arguments of counsel and the Findings of Fact and Conclusions of Law proposed by the respective parties and submitted pursuant to the Court's Order signed July 3,

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

1980; and the Court having made and entered on September 18, 1980, Further Findings of Fact and Conclusions of Law, and having also entered an Order on September 18, 1980, finding for defendants on the issue of laches and directing defendants' counsel to prepare Findings of Fact and Conclusions of Law pursuant to Local Rule 7 applicable to said issue; and Findings of Fact and Conclusions of Law accordingly, having been prepared and submitted by defendants' counsel, and made by the Court by an order entered October 6, 1980; and defendants' having moved for an order amending the Further Findings of Fact and Conclusions of Law filed September 18, 1980 in certain respects, and the Court having entered, on October 23, 1980, an order denying that part of the last said motion of defendants as sought on award of attorneys fees to defendants, but the Court otherwise having taken defendants' last said motion under submission; and the Court being fully advised and good cause appearing;

IT IS ORDERED THAT:

FIRST: The Court hereby readopts the Findings of Fact filed herein September 8, 1977 *in toto*,\* and incorporates them herein as if set out in full; and

SECOND: IT IS HEREBY ORDERED that the following Amended and consolidated Further Findings of Fact and Revised Conclusions of Law be, and the same are hereby adopted to supersede the aforesaid Further Findings of Fact and Conclusions of Law entered September 18, 1980 and October 6, 1980:

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\* Reported at 197 U.S.P.Q. 230.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

**FURTHER FINDINGS OF FACT**

110. A. The THERMOGRIP adhesive used by Mr. Powell in his demonstration to Charles D. Burgess referred to in Findings Nos. 20, 21, 106, and 107, is the same adhesive which said Burgess disclosed in his March 18, 1966 application, Serial No. 535,333, and in his March 13, 1966 disclosure letter (Exhibit 47).

110. B. When Mr. Powell completed his demonstration referred to in Findings Nos. 20, 21, 106, and 107, he had prepared a two-element tape comprising (i) a joining web of open weave tape similar to the joining web disclosed in said Application Serial No. 535,333, and (ii) an adhesive identical to that disclosed in the last said application, and said two-element tape was utilized by Powell to join together from their back sides, the abutting edges of the carpet samples used in the demonstration.

110. C. Any person of ordinary skill in the art and having any knowledge concerning the properties the THERMOGRIP adhesive thus used by Mr. Powell in his demonstration to Burgess, would have known that the adhesive, after cooling and hardening, could be reactivated to a soft tacky state by the application of heat and pressure thereto; and further, could be utilized on a tape for face seaming as taught in the Higgins patent referred to in Finding No. 104.

110. D. The level of ordinary skill in the art to which the subject matter of the '703 and Burgess patents-in-suit pertains is that of persons knowledgeable of carpet installation techniques and products at the problem solving level.

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

110. E. The Court finds that the differences between the subject matter disclosed and claimed in said application Serial No. 535,333 and the prior art, in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described Findings Nos. 101-105a inclusive, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his invention disclosed and claimed in said application Serial No. 535,333, to a person of ordinary skill in the art to which said subject matter pertains.

110. F. The Court further finds that the differences between the subject matter disclosed and claimed in each of the '038, '876 and '830 Burgess patents-in-suit and the prior art in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described in Findings Nos. 101-105a inclusive, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his invention disclosed and claimed in each of said patents-in-suit, to a person of ordinary skill in the art to which said subject matter pertains.

110. G. Burgess had informed his New York patent attorneys about the Powell demonstration to him by December 6, 1966.

110. H. In not disclosing to the Patent Examiner the fact that one (i.e. said Buzz Powell) other than himself had demonstrated to Burgess how THERMOGRIP adhesive could be applied by a gun dispenser to a joining web and placed against the back sides of two abutting strips of carpeting to provide an effective back seam

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

after the thus applied adhesive had cooled, following which demonstration Burgess asserted that he later conceived using such two-element tape to face seam carpeting; Burgess and his patent attorneys deprived the Patent Examiner of having full knowledge of the most pertinent prior art so as to be in a position to make the determination of obviousness found by the Court in Findings Nos. 110 E and 110 F.

110. I. In not making such disclosure to the Patent Examiner, Burgess and his patent attorneys either intended to prevent the Patent Examiner from having knowledge of the most pertinent prior art and the true extent of Burgess' contribution thereover, or they were grossly negligent in the discharge of their duty to the United States Patent Office to make such disclosure concerning such pertinent prior art.

110. J. Plaintiff, through plaintiff's parent corporation, Giffen Industries, Inc. and the latter's other wholly owned subsidiaries must be deemed to have had full knowledge of the facts stated in Findings Nos. 20, 21, 106, 107, 110A and 110B, as a consequence of extensive pre-trial discovery which had also occurred in the patent infringement action which Giffin-Burgess Corporation had brought against Conso and prosecuted between 1968 and 1975;

110. K. The Court finds clear and convincing proof that either Burgess or his patent attorneys, or both, intentionally withheld from the Patent Examiner any disclosure concerning the Powell demonstration described in Findings Nos. 20, 21, 106, 107, 110A and 110B.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

110. L. Powell had learned how to seam carpeting with the THERMOGRIP adhesive from one Robert Walters with whom Powell had spoken and at whose place Powell had seen both back seaming and face seaming of carpeting by Walters using such adhesive, prior to Powell's first having made the demonstrations to Burgess referred to in Findings Nos. 20, 21, 106 and 107.

110. M. Actually Walters had been engaged since December 1965 in both face seaming and back seaming of carpeting with THERMOGRIP hot melt adhesive in a manner essentially as disclosed later by Burgess in his application Serial No. 535,333.

110. N. In or about January 1966, Walters had caused carpeting to be installed in a golf club shop using hot melt adhesive in face seaming.

110. O. At the time Powell first made his demonstration to Burgess as stated in Findings Nos. 20, 21, 106 and 107, Powell informed Burgess about Walters having seamed carpeting using hot melt adhesive.

155. A. Prior to filing his first application Serial No. 535,333 on March 18, 1966, Burgess had written himself a letter dated March 13, 1966 (Plaintiff's Exhibit 47) in which he stated:

"On March 2nd of this year, I conceived, the idea of coating *regular* carpet seaming tape with a Thermoplastic, such as Thermogrip, made by U. S. Shoe Machinery Corporation" (emphasis supplied).

155. B. Prior to March 2, 1966, "regular carpet seaming tape" for the liquid latex face seaming, according to

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

plaintiff's expert McPherson, comprised a paper backing sheet or a "barrier web" onto which scrim or a "joining web" was laid and adhered. It was onto such tape that liquid adhesive was applied in the face seaming process as described in Finding No. 16.

155. C. Burgess testified that on March 15, 1966, he met with a Mr. Vogt, a partner in the New York patent firm of Watson, Leavensworth, Kelton and Taggart pursuant to an appointment, in order to discuss his alleged invention with that patent attorney.

155. D. At his March 15, 1966 meeting with Mr. Vogt, according to Burgess he handed Vogt his March 13, 1966 letter. This letter, also, according to Burgess, was read by Mr. Schutter, an associate of Vogt, and Burgess explained his alleged invention to Vogt and another associate named Katona.

155. E. At said March 15, 1966 meeting with his patent attorneys, Burgess further first demonstrated backseaming with a strip of coated tape, and then demonstrated face seaming with such tape after first placing "a piece of newspaper on the floor".

155. F. Notwithstanding the disclosure which Burgess' said patent attorneys had received on March 15, 1966 in the forms of the March 13, 1966 letter (Exhibit 47), their discussions with Burgess, and the demonstration with newspapers made by Burgess in their office, Burgess' patent attorneys caused application Serial No. 535,333 to be prepared and filed without any disclosure of the necessity of providing a "barrier web" below the adhesive covered scrim or "joining web", in

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

order to prevent the hot melt adhesive (HMA), when heated by the sadiron, from exuding onto the underpadding or floor below the carpeting being seamed.

155. G. The Court finds that either Burgess or his New York patent attorneys, or both, in filing said application Serial No. 535,333 with the disclosure omission described in Findings Nos. 151 and 155F, were at least guilty of gross negligence, if not intentional bad faith, in the discharge of Burgess' duty to the United States Patent Office and the public which it represents.

155. H. The Court further finds that, months before the December 6, 1966 filing date of the continuation-in-part application Serial No. 599,414, both Burgess and his patent attorneys were aware of the fact that the original application Serial No. 535,333 had neglected to disclose the necessity of providing a "barrier web" in order to practice the invention for face seaming carpeting on the usual underpadding or wooden floor. Thus, under date of July 25, 1966, Burgess wrote to his patent attorneys a letter in which he stated in part as follows: (Plaintiff's Exhibit 49) "In making further tests on my coated tape, I have encountered many problems. Due to the high viscosity of the Hot Melt needed, it has been next to impossible to get an even coat on my tape. Also the tape is not as desirable as it should be for ease of working and simplicity of application. I have found the H.M. cools so rapidly, a good bond between the carpet and tape is not obtained unless a large amount of H.M. is used. I have often found a state of degradation of the H.M. due to over heating. When making a face seam I found the H.M. would run thru to the back, sticking to the carpet cushion or do damage to the floor instead of adhering to the carpet".

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

155. I. However, despite such knowledge on the part of Burgess' patent attorneys of Burgess' thus described "many problems" with the tape as disclosed in his original application Serial No. 535,333, instead of abandoning said original application Serial No. 535,333 upon the filing of the continuation-in-part application Serial No. 599,414, said attorneys continued to prosecute the original application to the issue of the '703 patent in December 1968, without advising the Patent Examiner of any of said "problems", including the necessity for providing a barrier web omitted in its disclosure, thereby to secure an additional patent for the Burgess patent portfolio, with a known deficient disclosure.

155. J. If, however, one should attempt to excuse the disclosure omission described in Finding No. 155 F on the ground that Burgess, as the applicant for his patent, was entitled to assume that which is common knowledge and well-known to persons skilled in the art, and since, as stated in Finding No. 101, "the use of a barrier web for carpet seaming was known in the art for many years prior to March of 1966", and the omission in application Serial No. 535,333 was such a barrier web; then, the Court finds Burgess and his attorneys were guilty of bad faith in filing, on December 6, 1966, and prosecuting to the issue of the '038, '876 and '830 patents, the continuation-in-part (C-I-P) application Serial No. 599,414, while, at the same time, they continued prosecuting to the issue of the '703 patent, the original application Serial No. 535,333; since the principal difference between the disclosure of the application Serial No. 599,414 and that of the original application Serial No.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

535,333, lay in the addition of a "barrier web" to the two-part tape disclosed and claimed in the application Serial No. 535,333.

155. K. While Burgess has asserted that it was only some time between March 18, 1966 and December 6, 1966, that he came to realize the necessity for providing such a barrier web below the joining web onto which he had placed a layer of HMA in order to face seam carpeting, and so informed his New York Patent attorneys by his letter of July 25, 1966, with the result that the continuation-in-part application was filed on the latter date; the Court finds such assertion hard to believe in view of the facts stated in Findings Nos. 151 and 155A-155E inclusive.

155. L. Nevertheless, even if such assertion on the part of Burgess should be accepted as true and the said C-I-P application Serial No. 599,414 may be regarded as making a full disclosure of the known Burgess' face seaming process, product and method of making the same, Burgess' continued prosecution of the original application Serial No. 535,333 to the issue of the '703 patent *after his filing his said C-I-P application in December 1966*, with, by then, his knowledge of the inadequacy of the disclosure of the original application Serial No. 535,333; constituted bad faith and willful fraud upon the United States Patent Office, or, at the very least, gross negligence on the part of Burgess and/or his patent attorneys, in a successful effort to obtain another patent for Burgess' patent portfolio.

155. M. In any event, the Court finds that the differences between the subject matter disclosed and claim-

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

ed in the '038, '076 and '830 patents, which were derived from said application Serial No. 599,414, filed December 6, 1966, and the prior art in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described in Findings Nos. 101-105a inclusive, including particularly the Higgins patent described in Finding No. 104, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his alleged inventions disclosed and claimed in said patents, to a person of ordinary skill in the art to which said subject matter pertains.

155. N. Said application Serial No. 535,333 was assigned by Burgess, with the application which resulted in the issue of the '038, '876 and '830 patents, to one of plaintiff's predecessors, viz. Giffen-Burgess Corporation, so that the '703 patent also issued to the latter as such assignee; and said patent has been included among all of the patents which plaintiff and its predecessors have sought to have members of the carpet seaming tape manufacturing industry become licensed, under royalty paying license agreements.

145. A. The April 1, 1976 license agreement and addenda, Exhibits 96, 97 and 98, provided to the effect that Bruck Industries, Inc., a competitor of plaintiff's parent, Laminated Plastics Inc., not only received from plaintiff a non-exclusive license under the Clymin and all of the Burgess patents ('703, '038, '876 and '830) and Bruck's own invalid Winkler patent, for a commitment by Bruck to pay royalties of only 2-1/2% on its sales of all carpet seaming tape; but Bruck granted to plaintiff

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

an exclusive license, with the right to sub-license others, under Bruck's invalid Winkler patent, with the right to receive and retain all back royalties plaintiff might collect from third parties. However, Bruck was not required to pay any royalties until "such time as the other major manufacturers of carpet seaming tape shall have respectively taken bona fide licenses corresponding to" Bruck's basic license agreement with plaintiff; "or, in the alternative, shall have been respectively sued for infringement of the applicable patents licensed hereunder and such suit or suits are actively and diligently prosecuted" (Exhibit 97, Pag. 6).

145. B. In addition, by the terms of the Exhibit 97 addendum agreement, \$75,000 was escrowed by Bruck, to be paid to plaintiff in \$25,000 installments as each of three named "other major manufacturers" was sued by plaintiff for infringement of the licensed patents, or entered into a license agreement with plaintiff.

145. C. Thus, the effect of the April 1, 1976 agreement and its two addenda was that Bruck placed in the hands of plaintiff, Bruck's invalid Winkler patent for plaintiff to add to its Burgess & Clymin patent portfolio, and agreed to pay plaintiff both the escrowed \$75,000, as well as a 2-1/2% royalty on its tape sales, after plaintiff should either license, or institute and maintain suits against, the three major competitors of Bruck Industries Inc. and plaintiff's parent, Laminated Plastics, Inc. for infringement of all applicable patents, including Bruck's invalid Winkler patent.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

150. A. As set forth in Findings Nos. 146-150, plaintiff did what it was required to do under said April 1, 1976 agreement and addenda in order to receive both the escrowed \$75,000 as well as the start-up of Bruck's royalty payments to plaintiff.

150. B. Plaintiff's acts in bringing Kinkaid Industries under license agreement with plaintiff, and in instituting and prosecuting infringement actions against SPI (Best Seam Incorporated) and Orcon, served to improve substantially the competitive positions of both Bruck Industries, Inc. and plaintiff's parent Laminated Plastics, Inc. against other major manufacturers engaged in making and selling thermoplastic carpet seaming tape.

175. A. As a consequence of the acts of Giffen Industries, Inc., its wholly owned L. D. Brinkman, Inc. and predecessor subsidiaries, its Laminated Plastics, Inc. subsidiary, and the creation of plaintiff as a wholly owned subsidiary of Laminated Plastics, Inc., and plaintiff's agreement with Bruck Industries, Inc., all as described in Findings Nos. 120, 121, 122, 123, 125-150, 178-185, plaintiff has been invested with exclusive license rights, with the right to sub-license others, under Burgess Patents Nos. '703, '038, '876 and '830, the Clymin patent and the Winkler patent.

175. B. With plaintiff so invested with the exclusive rights described in Finding No. 175A, tape manufacturers in competition with Laminated Plastics, Inc. and Bruck Industries, Inc. have been deprived of the opportunity to negotiate with the original owners of each of the Clymin and Winkler patents for separate licenses

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

under those respective patents; but instead have been required to deal solely with plaintiff for a package license which always has included the Burgess patents in combination with the Clymin patent and/or the Winkler patent.

175. C. Plaintiff's immediate parent corporation, Laminated Plastics, Inc., by an agreement also dated April 1, 1976 (Plaintiff's Exhibit 83), received a royalty-free license under plaintiff's entire patent portfolio (*viz.* the '703, '038, '876 and '830 Burgess patents and the Clymin and Winkler patents).

175. D. Plaintiff, as such wholly owned subsidiary of Laminated Plastics, Inc. which, in turn, is a wholly-owned subsidiary of Giffen Industries, Inc., through its attorney O'Neil, as stated in Finding No. 184, has unequivocally expressed its intention to bring under royalty-paying license agreements with plaintiff under all patents as to which it has exclusive licensing rights, all manufacturers of thermoplastic carpet seaming tape in the United States.

175. E. The standard royalty demanded by plaintiff for a license under all of its said patent rights is 5% on ribbed tape and 4% on flat tape.

177. A. Thus, plaintiff, by its actions described in these findings, including the bringing and maintaining of the several civil actions listed in Finding No. 147, has clearly manifested a specific intent to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

177. B. Said specific intent on the part of plaintiff, moreover, has been entertained by plaintiff's parent corporation, Giffen Industries, Inc. and the latter's several other wholly owned subsidiaries at least since 1971, and plaintiff was created by Giffen Industries, Inc. as a means to carry out and implement said intent to control prices or destroy such part of commerce.

183. A. The assertion to tape manufacturers by L. D. Brinkman, Inc., another wholly owned subsidiary of Giffen Industries, Inc. and a prior owner of the Burgess patents-in-suit, through its attorney O'Neil, that the Clymin patent covered ribbed tapes, when plaintiff's officer Smith admitted he was not aware of any company other than Conso which has been making track tapes as disclosed and claimed in the Clymin patent, as stated in Finding No. 179, constituted bad faith on the part of said prior owner of said patents.

188. The Court finds that the relevant market is that for thermoplastic carpet seaming tape of the types which, plaintiff appears to assert, are dominated by one or more of the Burgess patents-in-suit.

189. Giffen Industries, Inc., the ultimate parent of plaintiff, acting through plaintiff, and previously, through others of its wholly owned subsidiaries, such as Giffen Corporation, Giffen-Burgess Corporation, and L. D. Brinkman, Inc., has, since 1968, harbored a specific intent to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States, and has sought to accomplish the same by the following conduct:

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

A. Acquiring all the Burgess tape patent applications in March of 1968 and causing them to be prosecuted to the issue of the Burgess patents in the manner described in Findings Nos. 11, 97-100, 106-110J, 123-125, 151-155L.

B. Acquiring from Conso the Clymin patent as stated in Finding No. 129.

C. Asserting its Clymin Patent in bad faith to cover ribbed tape as stated in Findings No. 178-182 and 183A.

D. Entering into the agreement of April 1, 1976 with Bruck to acquire for plaintiff the exclusive rights under the invalid Winkler patent, as stated in Findings Nos. 141-144.

E. Directing letters to competitors of Laminated Plastics, Inc. and Bruck Industries, Inc. as stated in Findings Nos. 145 and 184.

F. Persuading Kinkaid Industries to enter into the license agreement with plaintiff as stated in Finding No. 146.

G. Instituting and maintaining the litigations described in Finding No. 147 on both the Burgess and invalid Winkler patents.

H. Bringing the action against Vectron on the Winkler patent without investigating whether Vectron did infringe the same and maintaining said action against Vectron until just before trial, when plaintiff dismissed its claim against Vectron for infringement of the Winkler patent, as stated in Findings Nos. 118 and 183.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

190. Since the original trial of this action, defendant, Best Seam Incorporated has terminated its business of making and selling carpet seaming tape and has assigned all of its assets for the benefit of its creditors.

191. Plaintiff's suit against World Way Enterprises, Inc. was disposed of by a consent judgment by the terms of which, in effect:

(A) each of the four patents here in suit including the Winkler patent No. 3,755,058, as between the parties to that action, was declared to be valid and infringed by World Way Enterprises, Inc.;

(B) subject to any license which plaintiff might grant to defendant, the latter and its officers, directors, etc. were enjoined from infringing each of the said four patents-in-suit;

(C) damages were waived unless the consent judgment should be violated;

(D) if any patent should be finally held invalid by a court of competent jurisdiction, the consent judgment shall be of no force and effect as to such patent.

192. World Way Enterprises, Inc. has entered into no license agreement with plaintiff, but instead has ceased all further manufacture of carpet seaming tape since the December 30, 1976 entry date of said consent judgment.

193. Plaintiff's suit against H. B. Fuller Company was terminated by a notice of voluntary dismissal by plaintiff pursuant to Federal Rule 41(a)(1)(i), entered November 23, 1976, upon the defendant's assurance that it would make and sell no further carpet seaming tape of

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

the type which it had been making and selling and which plaintiff had charged as an infringement of the four patents here in suit.

194. Plaintiff has no knowledge of H.B. Fuller Company ever having made or sold any carpet seaming tape since November 23, 1976.

195. Giffen Industries, Inc., acting through plaintiff, and others of its said wholly owned subsidiaries and in concert with Bruck Industries, Inc., and by means of the Burgess patents-in-suit and the Burgess '703 patent and Winkler patent, as of the initiation of the present action, was achieving a dangerous probability of success in its effort to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States.

196. If plaintiff should succeed in requiring all manufacturers of thermoplastic carpet seaming tape in the United States to enter into plaintiff's standard royalty paying licenses with plaintiff, then plaintiff's immediate parent corporation, Laminated Plastics, Inc., and Bruck Industries, Inc. will be placed in such a competitively advantageous position over all other manufacturers of thermoplastic carpet seaming tape, that said two manufacturers jointly may achieve a monopoly in the manufacture of such tape in the United States.

197. Any tape manufacturer, given suitable equipment, could make and sell carpet seaming tape covered by any one or more of the '703, '038, '876, '830 Burgess patents and the Clymin and Winkler patents.

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

198. As testified to by plaintiff's expert McPherson, a flat tape made in accordance with the Burgess patents alone, is not only a commercially acceptable product, but one which he preferred to use in his own business, over a ribbed tape of the Winkler patent.

199. A tape may be produced in accordance with the Clymin patent, upon which tape no claim of the Burgess '038 patent may be properly read.

200. A tape may be produced in accordance with the Clymin patent, upon which production no claim of the Burgess '830 patent may be properly read.

201. A tape may be produced in accordance with the Clymin patent, which tape, when used for face seaming, no claim of the Burgess '876 patent may be properly read.

202. No claim of the Clymin patent may be read upon a tape produced in accordance with any of the Burgess '038, '876, '830 patents or the Winkler patent.

203. With reference to the facts set forth in Findings Nos. 54, 55, 116, and 117, the predecessor of defendant, Best Seam, Inc., and defendants Vectron Industries, Inc., and Tasse, had commenced manufacturing and selling ribbed type carpet seaming tapes, as set forth in Findings No. 64 through 92 inclusive, by early 1969, and the predecessor of defendant, Best Seam, until December, 1971, and defendant, Best Seam, since the last said date, and defendants, Vectron and Tasse, since 1969 have all continued to make and sell such tapes up until the commencement of the present actions in August of 1976.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

204. With the copying of the alleged Burgess inventions as described in Finding No. 39, it appears probable to the Court that one of plaintiff's predecessors-in-interest, soon after the commencement of said infringements in 1969, had become aware of said infringements by defendants, Vectron and Tasse, and by the predecessor of defendant, Best Seam, of the patents-in-suit, as described in the preceding Finding No. 203, and, as early as June 30, 1971, one of plaintiff's predecessors had caused to be sent by its attorney, Golenbock, the notices of infringement of that date, which notices are described in Findings No. 54, 55, and 112 through 115.

205. None of said notices, however, in any way indicated to any of the recipients, that, after the then pending Conso litigation should be terminated, an infringement suit would be instituted against said recipient, if said recipient neither terminated the charged infringement nor entered into a license agreement with the Giffen-Burgess Corporation, as the then patent owner.

206. Nor did any of the plaintiff's predecessors thereafter similarly advise any of the defendants, including during the period of pendency of the litigations in 1975 and 1976 involving Bruck Industries Inc. or its distributors, as described in Findings No. 138 through 145.

207. In view of the facts set forth in the preceding Findings No. 205 and 206, and the fact that none of plaintiff's predecessors had instituted any action or further follow-up of the June 30, 1971 infringement notices by the end of 1974, defendants, Best Seam, Vectron and Tasse, in reliance upon such lack of notice of intention on

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

the part of plaintiff's predecessors to sue for infringement of the patents now in suit, and their failure to institute any action for infringement against said defendants, undertook to expand their respective operations by the acquisition and installation of additional manufacturing equipment and, in the case of defendant, Best Seam Inc., a new and larger plant, and the entire interest in defendant, Best Seam Inc., was acquired by Mr. Weiss from Best Seam's then co-owner, Mr. Vidor. Thereby, said defendants were misled to conclude that plaintiff's predecessors did not intend to enforce the patents in suit against them.

208. Both Mr. Weiss and Mr. Tasse testified that, had any of plaintiff's predecessors advised either of them that it expected to sue either Best Seam, Inc. or Vectron Industries, Inc., after the conclusion of the Conso litigation, or had actually instituted any such action against either said defendants, none said defendants would have made its said respective expansion and investments, nor would the entire interest in Best Seam have been so acquired by Mr. Weiss under the agreement which he entered into with Vidor.

209. Plaintiff has introduced no evidence to overcome the presumption of prejudice which arises through the failure of plaintiff and its predecessors to file suit against defendants for more than six years since the commencement of their respective infringements.

*A-151 (to precede 151)*

In late November of 1965, one Robert W. Walters, an officer in The Mill Store, a carpet retail establishment in La Grange, Georgia, had read an article which appeared

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

in the December 1965 issue of Popular Science Magazine. This article described a "gun" for dispensing a thermoplastic adhesive and discussed its application to leather, fabric, etc. This gun and its adhesive were a product of United Shoe Machinery Co. and were sold under the designation or trademark THERMOGRIP.

*A-151a*

After thus reading said magazine article, Walters procured a THERMOGRIP gun and adhesive, and for some time prior to January 31, 1966, experimented with the same in seaming carpeting.

*A-151b*

In the course of such experimentation, Walters back-seamed carpeting with Bigelow Lockweave tape onto and through which he squirted the hot melt adhesive. He further made strips of such tape impregnated with the adhesive which, after cooling of the adhesive, were rolled up; and he later used by reheating for both backseaming and face seaming of carpeting.

*A-151c*

Walters actually used, and had used by others, the THERMOGRIP gun and adhesive for certain work of the The Mill Store, and, on January 31, 1966, he had two of the store's employees make a carpet installation using open weave tape and THERMOGRIP adhesive for back-seaming carpeting in the golf shop of the Georgia Warm Springs Foundation.

*A-151d*

On or about February 2, 1966, one Robert Powell, a salesman for Southern Molding Co., a supplier to The Mill Store, made one of his regular calls upon The Mill

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

Store and, in the course of his call, Walters showed Powell, and explained to him, what Walters had been doing with the THERMOGRIP adhesive in carpet seaming, including what is described in Findings A-151a-A-151-c inclusive.

*A-151e*

Powell, immediately became quite interested in this method of seaming carpets, so that Walters proceeded at that time to show him the results of Walters' experiments and sample tape, and they discussed the subject at length.

*A-151f*

On or about February 3, 1966, Powell proceeded to Macon, Georgia, where he called upon Charles Burgess at his carpeting establishment. In the course of this call, Powell discussed with Burgess what he had learned and observed that Walters had been doing with a THERMOGRIP gun and adhesive in seaming and carpeting, as stated in Findings No. A-151d.

*A-151g*

Burgess was immediately interested to the point where he had Powell order a gun and adhesive from a local hardware store, and Powell then demonstrated to Burgess how to effect a backseam of a couple of strips of carpeting with adhesive exuded from the nozzle of the gun onto a piece of open mesh tape laid over the abutting edges of the carpet strips.

*A-151h*

Burgess testified that after Powell had left, he called the Calloway Mills in La Grange, Georgia, which erroneously thought owned The Mill Store, to inquire

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

about carpet seaming with hot melt tape, but the person with whom he spoke knew nothing of the subject.

*A-151i*

Burgess then proceeded to try hot melt carpet seaming and to develop and patent it in the manner stated in Findings Nos. 22-38, 41-53, 97-100, 106-110, and 151-155.

*A-151j*

Notwithstanding what Burgess had learned from Powell on the occasion of the call which Powell had made upon Burgess as described in Findings 20, 21, 106, 107, and A-151 through A-151i inclusive, when Burgess had his first patent application Serial No. 535,333 prepared, said application

a) made no mention of the fact that Walters had used the same hot melt adhesive for carpet seaming before Burgess, as Burgess well knew through his meeting with Powell and described in Findings Nos. 20, 21, 106, 107, and A-151f and A-151g.

b) under oath by Burgess, claimed as Burgess' invention, "a carpet seaming tape comprising a tape coated with a hot melt adhesive."

*A-151k*

Burgess' application Serial No. 599,414 filed December 6, 1966, as Continuation-in-part of his earlier application Serial No. 535,333, similarly made no mention of Walters' prior work described in Findings Nos. A-151 through A-151c inclusive of which Burgess had learned through Powell, as stated in Findings Nos. 20, 21, 106, 107, A-151d through A-151G inclusive; and in said ap-

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

plication Serial No. 599,414 Burgess claimed as his invention subject matter which was substantially identical to Walters' previous work.

*A-151-l*

The three Burgess patents-in-suit all were derived from said December 6, 1966 application Serial No. 599,414.

*A-151m*

Plaintiff and its predecessors became aware of the facts described in Findings Nos. 151 through A-151-l inclusive, in the course of defending the *Conso* litigation between 1968 and 1975.

*A-151n*

To the extent that Supplemental Findings Nos. A-151a-A-151-l inclusive, conflict with any findings previously entered, these Supplemental Findings shall be deemed to prevail.

*REVISED CONCLUSIONS OF LAW*

1. "Those who have applications pending with the Patent Office\*\*\*have an uncompromising duty to report to it all facts concerning possible fraud or inequity underlying the applications in issue\*\*\* Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against patent monopolies". *Precision Instruments Mfg. Co. v. Automotive Maint. & Mach. Co.*, 324 U. S. 806, 818, 65 S.Ct. 993, 999; *Monolith Portland Midwest Co. v. Kaiser Alum. & Co. Corp.*, 407 F2d 288, 294 (9th Cir., 1969); *Charles Pfizer & Co. v. F.T.C.*, 401 F2d 574 (6th Cir. 1968).

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

2. Burgess and his patent attorneys failed to discharge such uncompromising duty to the United States Patent Office by not informing the Patent Examiner of the fact that Powell had demonstrated to Burgess the use of THERMOGRIP adhesive with an open weave tape to accomplish back seaming of carpeting. Thereby Burgess and his attorneys prevented the Examiner from obtaining full knowledge of the prior art and the extent of Burgess' alleged contribution to the carpet seaming tape art, in order to determine whether the subject matter of the original application Serial No. 535,133, on which the related Burgess '703 patent issued, as well as the subject matter of the several continuation-in-part applications thereof from which the '038, '876 and '830 patents issued, was obvious under 35 U.S.C. 103, as the Court herein concludes. *De Long Corp. v. Raymond Int'l. Inc.*, 204 U.S.P.Q. 368, 373 (D.N.J., 1979).

3. Burgess and his patent attorneys further failed to discharge such uncompromising duty to the United States Patent Office, either by deliberately not disclosing in said Serial No. 535,333 application the fact that a barrier web was necessary in order to practice the invention, or by continuing to prosecute said application to the issue of the '703 patent with full knowledge of its inadequate disclosure after having filed, on December 6, 1966, the continuation-in-part application Serial No. 599,414 in which a barrier web was first disclosed.

4. If Burgess did not disclose in said Serial No. 535,333 application the necessity of providing a barrier web because he knew that employing a barrier web with an open weave tape for carpet seaming was old in the

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

art, as stated in Finding No. 101, and so felt he was entitled to assume that persons skilled in the art would have knowledge thereof, then Burgess was guilty of a further failure to discharge his uncompromising duty to the United States Patent Office, in not so informing the Examiner thereof, so that the latter could appreciate the similarities in the disclosures of said continuation-in-part application Serial No. 599,414 and said original Serial No. 535,333 application, and prevent the issue of two patents for essentially the same alleged tape invention.

5. Burgess and his attorneys further failed to discharge their uncompromising duty to the Patent Office to disclose the critical limitation on the utility of the two element tape process which was the subject of said application Serial No. 535,333, namely, that it could only be employed on concrete. Because of such failure to disclose by Burgess and his attorneys, the Patent Office Examiner allowed the claims which appeared in the '703 patent, which claims were broader in scope than the actual limited utility of the described tape process. Further, through such failure of disclosure, the Patent Office Examiner was prevented from properly considering whether the subject matter of the C-I-P application Serial No. 599,414 represented patentable invention over what was disclosed and claimed in the original application Serial No. 535,333.

6. In so failing to discharge his said uncompromising duty to the United States Patent Office, Burgess was guilty of unclean hands in the procurement not only of the '703 patent through the original application Serial No. 535,333, but also of the '038, '876 and '830 patents,

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

so that all of the said patents must be held void and unenforceable.

7. Each of said '038, '876 and '830 patents is invalid under 35 U.S.C. 103 when the requirements of *Graham v. John Deere Co.*, 383 U. S. 1, are applied.

7A. Each of the '038, '876 and 830 patents is invalid under 35 U.S.C. 102 (a) (f) and (g).

8. The Winkler '038 patent is invalid under 35 U.S.C. 103, being directed to subject matter as to which the differences between such subject matter and the prior art are such that such subject matter as a whole would have been obvious at the time the claimed invention was made to a person having ordinary skill in the art to which such subject matter pertains. (*Pierce v. Muelleisen*, 226 F.2d 200 (CA, 1955); *Kamei-Autokomfort et al. v. Eurasian Automotive Products*, No. 75-2383 (decided April 7, 1977 by CA 9); *Bates Industries, Inc. v. Dayton Sports Co.*, 441 F.2d 1110, (CA 9, 1971) c.d. 404 U.S. 991; *Jeddeloh Bros. v. Coc Mfg. Co.*, 375 F.2d 85 (CA 9, 1967), c.d. 389 U.S. 823; *Walker v. General Motors, Inc.*, 362 F.2d. 56 (CA 9, 1966).

9. The Winkler patent is further invalid under 35 U.S.C. Section 102(b) for the reason that the subject matter of said patent was "on sale" on or about February 1, 1969, or more than 16 months prior to the filing of the application for said Winkler patent on June 11, 1970. (*Strong v. General Electric Co.*, 305 F.Supp. 1089 (N.D. Ga., 1969) aff'd 434 F.2d 1042 (CA 5, 1970); *Chicopee Mfg. Corp. v. Columbus Fiber Mills*, 305 F.Supp. 307, (N.D. Ga., 1958); *Ampherol Borg Corp. v. Gen. Time Corp.*, 165 F.Supp., 307 (M.D. Ga., 1958).

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

10. Patent misuse requires a lesser showing than a Sherman Act violation in that the party who asserts it need prove neither anticompetitive effects nor individual harm. *Transition Electronic Corp. v. Hughes Aircraft Co.*, 205 U.S.P.Q. 799, 806 (D. Mass., 1980).

11. Misuse "may be shown from the totality of a licensor's conduct and business practices. *id.*

12. In view of the intent entertained by plaintiff, its parent corporation, Giffen Industries Inc. and the latter's other wholly owned subsidiaries which have been involved in acquiring and exploiting all the Burgess patents, viz. Nos. '703, '038, '876 and '830, the Clymin patent and the invalid Winkler patent, to bring all manufacturers of Thermoplastic carpet seaming tape in the United States under royalty paying licenses, with the consequent likelihood of their having to increase the prices at which they would have to sell their tapes to the public; the accumulation of all said patents for such purpose by, and in, plaintiff, and the dangerous probability of plaintiff's succeeding in its effort so to bring all such manufacturers under such royalty paying licenses with such consequences, the Burgess patents-in-suit are unenforceable because of misuse in plaintiff's unlawful attempt to monopolize such portion of commerce in the United States as is represented by the relevant market, viz. the manufacture and sale of thermoplastic carpet seaming tape.

13. In view of the activities of plaintiff, its parent corporation, Giffen Industries Inc. and the latter's other wholly owned subsidiaries which have been involved in acquiring and exploiting all the Burgess patents, viz.

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

Nos. '703, '038, '876 and '830, the Clymin patent and the invalid Winkler patent, in attempting to bring all manufacturers of thermoplastic carpet seaming tape in the United States under royalty paying licenses under all said patents with the consequent likelihood of their having to increase the prices at which they would have to sell their tapes in competition with plaintiff's parent Laminated Plastics, Inc. and Bruck Industries, Inc. and the adverse effect upon all such other tape manufacturers as competitors of Laminated Plastics, Inc. and Bruck Industries, Inc.; and the dangerous probability of plaintiff's succeeding in its effort so to bring all such other manufacturers under such royalty paying licenses with such adverse effect, the accumulation of all said patents by, and in, plaintiff renders the Burgess patents-in-suit unenforceable because of their misuse.

14. The patents-in-suit, moreover, have been further misused in an unlawful combination by plaintiff with Bruck Industries, Inc. in the form of the April 1, 1976 Agreement and its addenda, whereby Bruck and plaintiff, in effect, combined their thermoplastic carpet seaming tape patents for the mutual benefit of plaintiff and its parent corporation, Laminated Plastics, Inc. on the one hand, and Bruck Industries, Inc. on the other, to the economic disadvantage of the competitors of the latter and said Laminated Plastics, Inc. *United States v. Singer Co.*, 374 U.S. 174, 193, 194.

15. Since the effect of the April 1, 1976 agreement between plaintiff and Bruck Industries, Inc. and of the addenda to said agreement, was not only to combine in the hands of plaintiff the Burgess patents and Bruck's Winkler patent, but to induce plaintiff to take steps re-

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

quire all other members of the carpet seaming tape trade, besides Bruck and plaintiff's parent, Laminated Plastics, Inc., to enter into royalty paying license agreements with plaintiff at fixed royalty rates higher than Bruck would be paying plaintiff, with Laminated Plastics, Inc. having a royalty free license under all said patents, said agreement and its addenda constituted a horizontal agreement to fix prices, and as such was unlawful *per se*, under the rationale of the recent case of *Catalano, Inc. et al v. Target Sales, Inc., et al*, decided by the Supreme Court of the United States, May 27, 1980.

16. Since one may practice the invention of the Clymin patent without infringing any of the Burgess patents; and, vice versa, Clymin is not a blocking patent with respect to the Burgess patents, and vice versa.

17. Since one may practice the invention of the Clymin patent without infringing the Winkler patent, and vice versa, neither of said patents is a blocking patent with respect to the other patent.

18. While the Burgess patents-in-suit (viz. '038, '876 and '830) may be regarded as "blocking" patents to the practice of the alleged invention of the Winkler patent, since one may practice the invention of the said Burgess patents in commercially acceptable form without infringing the Winkler patent, were it not invalid, the latter patent is not a "blocking" patent as respects the Burgess patents. *International Mfg. Co. v. Landon*, 336 F2d (9th Cir., 1964).

19. The April 1, 1976 Agreement and its Addenda thus went beyond any lawful exchange of blocking patents in that the invalid Winkler patent did not block

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

the practice of any of the Burgess patents in some commercially suitable form.

20. But even if the Winkler patent, if valid, would have blocked the practice of the Burgess patents, the owner of the Burgess patents would have required no more than a non-exclusive license under Winkler to "unblock" its exploitation of the Burgess patents. It did not require what was tantamount to an exclusive license under the Winkler patent with a specific economic incentive provided by Bruck to plaintiff to induce plaintiff to take action to force all Bruck's and Laminated Plastic's major competitors to take licenses not only under plaintiff's Burgess and Clymin patents, but also under Bruck's invalid Winkler patent, such action including instituting patent infringement suits against those of such competitors who did not enter into prescribed license agreements with plaintiff. This April 1, 1976 agreement, then, was an unlawful combination on the part of plaintiff to monopolize or attempt to monopolize a portion of commerce in the United States. *United States v. Singer*, supra.

21. Since the Court has found: (a) that plaintiff and its controlling Giffen Industries, Inc., and the latter's other subsidiaries (all being sometimes referred to as "the Giffen Group") had a specific intent to control the prices of carpet seaming tape, and to destroy competition of Laminated Plastics, Inc. and Bruck Industries, Inc.; (b) that the Giffen Group, including plaintiff, engaged in predatory or anti-competitive conduct directed to accomplishing such unlawful purpose, including particularly entering into the unlawful combination with

*Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.*

Bruck Industries, Inc.; and (c) there was a dangerous probability of success of plaintiff and others of the Giffen Group accomplishing such unlawful purpose; the Court concludes that plaintiff and the Giffen Group are guilty of an unlawful conspiracy and attempt to monopolize that part of commerce among the several states represented by the manufacture and sale of carpet seaming tape.

22. Since the Burgess patents-in-suit have been employed by plaintiff in the execution of said unlawful conspiracy and attempt to monopolize, said patents are further unenforceable by virtue of such misuse thereof.

23. Plaintiff and others of The Giffen Group, and Bruck Industries, Inc. have not sufficiently dissipated the effect wrought by their said misuse of the patents-in-suit, since the original trial of this action to be held to have purged themselves thereof.

24. Prejudice is presumed if a delay of over six years in the filing of an action for infringement has been established. *Gillons v. Shell Co. of Calif.*, 86 F.2d 600 (9th Cir., 1936), *Whitman v. Walt Disney Prod., Inc.*, 263 Fed 229 (9th Cir., 1958).

25. In the absence of notice to the alleged infringer that the patentee is delaying enforcement of his patent until the conclusion of a pending litigation, the pendency of such litigation does not constitute an excuse for a patentee's delay in enforcing his patent against an alleged infringer. *Jensen v. Western Irrigation and Manufacturing, Inc.* (Case #78-1550, decided by the U.S.C.A., 9 Cir., July 3, 1980).

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

26. The plaintiff and its predecessors-in-interest are guilty of laches in respect of defendants Best Seam, Vectron and Tasse, so that, were any of the patents-in-suit valid, plaintiff would not be entitled to recover any damages for past infringement and would be estopped to recover any damages after the filing of the present actions. *Jensen v. Western Irrigation and Manufacturing, Inc.*, *supra*.

27. In view of what Burgess had learned from Powell concerning Walters' earlier work in making and using hot melt adhesive carpet seaming tapes, Burgess knew that he was not the original and first inventor of the subject matter disclosed and claimed in the patents-in-suit, and hence, was not entitled to patent the same.

28. Burgess' oath of inventorship which he made, not only in applying originally for the '703 patent, but also in filing the C-I-P application in December 1966, was knowingly made falsely by Burgess, thereby enabling Burgess to procure the '703 patent and the patents-in-suit in fraud of the United States Patent and Trademark Office.

29. Burgess and/or his patent attorneys wilfully concealed from the United States Patent Examiner the facts concerning Walters' prior activities and Powell's demonstration of which Burgess had learned, as set forth in Findings Nos. A-151f and 151g, so that the '703 patent and the patents-in-suit were all further procured in fraud of the United States Patent and Trademark Office.

30. Although plaintiff and its predecessors must be charged with knowledge of such fraudulent patent pro-

*Appendix—Order for Amended Further Findings of  
Fact and Revised Conclusions of Law.*

curement, either through knowledge of the attorneys who prosecuted said applications, or through what was learned by their attorneys in the course of the prosecution of the *Conso* litigation; and although plaintiff and its predecessors and co-conspirators have engaged in other inequitable conduct as set forth in the Court's findings of fact, the present is not deemed an "exceptional case" under 35 U.S.C. 285, so that defendants are not awarded their attorneys fees incurred in defending this litigation.

(ILLEGIBLE)

*Judge*

United States District Court

Dated: DEC 3 1980

NOT APPROVED

FULWIDER, PATTON, RIEBER,  
LEE & UTECHT

By LAURENCE H. PRETTY

Laurence H. Pretty

*Attorney for Plaintiff*

A63

**Judgment.**

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FILED  
Dec 3 1980  
Clerk, U.S. District Court  
Central District of  
California  
By (Illegible) Deputy  
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Nov 25 '80  
Clerk  
U.S. District Court  
Central District of  
California  
By \_\_\_\_\_ Deputy  
ENTERED  
Dec 4 1980  
Clerk, U.S. District Court  
Central District of California  
By \_\_\_\_\_ Deputy

A64

*Appendix—Judgment.*

In the  
UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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CV. NOS. 76-2738-R, 76-3196-R.

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CARPET SEAMING TAPE LICENSING  
CORPORATION, A Texas Corporation,  
*Plaintiff,*

vs.

BEST SEAM, INCORPORATED,  
A California Corporation,  
*Defendant.*

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CARPET SEAMING TAPE LICENSING  
CORPORATION, A Texas Corporation,  
*Plaintiff,*

vs.

VECTRON INDUSTRIES, INC.,  
A California Corporation,  
and EUGENE J. TASSE,  
An Individual,  
*Defendants.*

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DEC 4 1980

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The matter having come on for trial before the Court on July 13, 20, 21 and 27, 1977, and the Court, on defendant's motion, made at the close of plaintiff's case, hav-

*Appendix—Judgment.*

ing made Findings of Fact and Conclusions of Law and entered on September 9, 1977, an Order for Judgment dismissing plaintiff's First Amended Complaint; and plaintiff having appealed to the Court of Appeals for the 9th Circuit which, by an opinion entered, April 9, 1980, reversed and remanded the cases for further proceedings in accordance with its said opinion; and the Court having further tried the matter on August 6, September 2 and September 5, 1980, and having heard oral arguments on behalf of the parties on the latter date, and having made and entered Amended and Consolidated Further Findings of Fact and Revised Conclusions of Law on \_\_\_\_\_, 1980; it is hereby ORDERED, ADJUDGED AND DECREED THAT:

1. The Court has jurisdiction over the parties and subject matter of the subject matter of the action and venue properly laid in this District.
2. Plaintiff is the exclusive licensee of the patents-in-suit, viz. United States Patents Nos. 3,400,038, 3,533,876, 3,563,830 and 3,755,058.
3. Each of said patents is invalid and unenforceable against defendants.
4. Plaintiff is barred by laches, and is estopped to assert each of '038, '876 and '830 patents against each of defendants.
5. Plaintiff's First Amended Complaint against defendants for infringement of each said patents is dismissed with costs to defendants, and judgment accordingly is hereby rendered on the First Counterclaim of defendant Best Seam, Incorporated.

A66

*Appendix—Judgment.*

DATED: DEC 3 1980

(ILLEGIBLE)

*Judge, United States  
District Court*

NOT APPROVED

FULWIDER, PATTON, RIEBER.  
LEE & UTECHT

By LAURENCE H. PRETTY  
Laurence H. Pretty  
*Attorney for Plaintiff*

**Table of Citations to Patent Cases  
Involving Adjudications by Judge Real.**

<i>Case Citation</i>	<i>Year</i>	<i>No. of Patents Adjudi- cated</i>	<i>Judge Real's Adjudication</i>	
			<i>INVALID</i>	<i>VALID</i>
159 U.S.P.Q. 410	1968	1	1	--
161 U.S.P.Q. 772	1969	1	1	--
164 U.S.P.Q. 340	1970	1	1	--
167 U.S.P.Q. 711	1970	1	1	--
171 U.S.P.Q. 577	1971	3	3	--
175 U.S.P.Q. 81	1972	1	1	--
188 U.S.P.Q. 269	1975	1	1	--
190 U.S.P.Q. 287	1975	2	2	--
197 U.S.P.Q. 230	1977	5	5	--
204 U.S.P.Q. 434	1979	1	1	--
206 U.S.P.Q. 499	1979	2	2	--
209 U.S.P.Q. 108	1980	1	1	--
TOTALS		20	20	0